

المساءة

# FINANCIAL TIMES

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**OVERSEAS MOVING**  
BY MICHAEL GERSON  
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## Trial may prompt UK curb on Libya airline

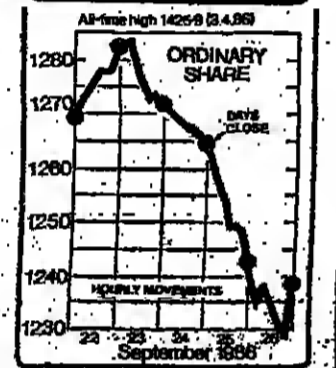
Ministers will decide over the weekend what action to take against Libyan Arab Airlines after evidence given in the trial of an Arab terrorist leader in London. **Rasmi Awad**, 43, a Jordanian doctor and member of the Middle Eastern terrorist group Abu Nidal, was jailed yesterday for his part in a Libyan-backed plot to launch a grenade attack on a British target. The Government is gravely concerned that this case clearly implicates Libyan Arab Airlines in terrorist-related activity. The Foreign Office said "The Government remains determined to be tough on terrorists and those who assist them. Increased security measures for LAA flights were introduced immediately after the arrests (of Awad and another man) last year." A Libyan double agent, codenamed **Mr L**, alleged during the trial that a contact arriving on a flight at Heathrow Airport, wearing LAA uniform had given him a bag containing four high explosive grenades hidden under bars of chocolate. The Foreign Office said ministers, representing the Foreign Office, the Home Office and the Transport Department were keeping Britain's European Community partners fully informed of their deliberations. "One of the options understood to be under discussion is the banning of LAA from British airports."

## Reagan veto TSB delays on sanctions count details

President Reagan last night vetoed a congressional bill imposing stringent sanctions on South Africa. He said the US must work for constructive change in Pretoria's apartheid policy. Punitive economic sanctions would contribute directly and measurably to the misery of people who have already suffered enough, Mr Reagan said. The President faces an uphill battle with the Senate and House of Representatives, which can override the veto with a two-thirds majority vote. Canada plans sanctions, Page 3.

## BUSINESS SUMMARY

TRUSTEE SAVINGS Bank postponed the announcement of the response to its £1.5bn offer for sale which closed on Wednesday. Lazard Brothers, the merchant bank sponsoring the flotation, said it had not been possible to finish collating the figures. TSB board members and Lazard were due to meet last night to decide a share allocation policy. Back Page.



## S African bomb blast

A bomb blast injured three people in a central Johannesburg hotel and three others narrowly escaped death when their vehicle detonated a landmine in northern Natal, Page 3.

## Chernobyl to restart

Swedish pressure groups protested as the Soviet Union announced that the Chernobyl nuclear power station would resume production in a few days' time when workers had finished encasing the stricken fourth reactor in concrete. It was shut down after the world's worst nuclear accident.

## Yachtsman rescued

British yachtsman Ron Hughes, whose wife Helene died when their yacht capsized on their honeymoon voyage, described in Vigo, Spain, yesterday how he managed to stay alive as he drifted alone on a life raft for 10 days.

## Abdallah trial set

French authorities said Georges Ibrahim Abdallah, key figure in the wave of Paris bombings, would be tried in February for complicity in the murders of two diplomats.

## Miami vice

A Miami grand jury indicted 22 current and former US Eastern Airlines employees and one Mexican Airlines worker on charges of smuggling nearly 50kg of cocaine.

## West Beirut escape

Guardian journalist David Hirst fled a kidnap attempt in West Beirut by escaping from a car driven by gunmen.

## Murdered baby charge

A British couple holidaying in the Canary Islands were under arrest charged with murdering their newly-born son.

## Soldiers jailed for life

Two British soldiers were jailed for life in Belfast for the murder of a 21-year-old Roman Catholic man last year.

## Legal potcan

Ireland has legalised a brand of potcan believed to cure sick animals. Special additives will make it unpalatable to even the most hardened human drinkers.

MARKETS section with sub-headers: DOLLAR, STERLING, LONDON MONEY, NORTH SEA OIL, STOCK INDICES. Lists various market data including exchange rates and share indices.

## Steel warns Liberals of damage caused by vote on defence

MR DAVID STEEL, the Liberal leader, yesterday defiantly challenged his party assembly in Eastbourne over nuclear defence policy. In an hour-long speech, his most powerful since becoming leader 10 years ago, Mr Steel bluntly warned activists of the political damage done by the assembly's narrow vote on Tuesday in favour of a non-nuclear defence future for Britain.

Mr Steel received a standing ovation but there was some heckling during his section on defence when a large minority of the audience did not clap. Later, some MPs and activists said that, however successful his speech might appear on television as an assertion of leadership, the party remained seriously divided. The speech, which had been discussed on Thursday by Dr David Owen, the Social Democratic Party leader, reaffirmed Mr Steel's belief in the maintenance of British nuclear capacity unless arms control talks succeeded. He also pledged his support for the unity of the Alliance and his close relationship with Dr Owen.

Mr Steel accused some activists of showing "breath-taking misjudgment" acknowledging the possible political damage, he expressed "profound frustration that the electoral victory for Liberalism and the Alliance may have been temporarily and unnecessarily put at risk." He compared the successful amendment to one of the signs on the lamp posts of Lambeth proclaiming a nuclear free zone which "will convince no one that we are capable of advancing from where we are now to a genuinely nuclear-free world."

## Moscow buys 1m tonnes of cheap EEC wheat

THE SOVIET UNION moved quickly yesterday to snap up in bulk cheap European soft wheat after an announcement in Brussels that the European Community was prepared to pay big export subsidies on such sales. The deal, believed to be mainly through Paris-based traders, is the first important Russian contract with the Community since the spring and seems likely to infuriate rival exporters and to step up the increasingly hard-fought international battle for world grain markets. Officials in Brussels believe the Russians might be interested in a further 3m tonnes of EEC wheat this year.

Only last month, the US announced that it was prepared to subsidise the sale of 4m tonnes of soft wheat to the Soviet Union, an offer that has yet to be taken up in Moscow but which sent a sharp signal to other producers, notably the EEC. The way was cleared for the latest purchases on Thursday when the European Commission and member states agreed to provide an Ecu 127.50 (£88) refund for every tonne of soft wheat that could be sold to the Soviet Union by 1pm yesterday. Known as the "common right refund," this fixed-subsidy system is an alternative to the more common tendering procedure whereby traders have to apply for a rebate level that they themselves think the Community will consider appropriate. The subsidy is about Ecu 8 more than the EEC has been prepared to pay in recent weekly tenders.

## Banks support Channel tunnel consortium's £5bn borrowings

EUROTUNNEL, the Anglo-French consortium that plans to build a Channel tunnel by 1993, has firm commitments from 40 British and foreign banks to underwrite £5bn in loans to cover the cost of the privately financed project. The Eurotunnel group is to release the full pathway prospectus for its first £200m international placing on Monday. It is confident that it has sufficient support from institutional investors in the UK, France, the US and Japan.

The banks backing Eurotunnel—which includes 10 of the largest construction companies in Britain and France—are led by National Westminster, Midland, Credit Lyonnais, Banque Nationale de Paris and Banque Indosuez. Eurotunnel's founder shareholders have already put £46m into the project. Eurotunnel is planning to raise the first £200m by institutions in France and the UK taking 35 per cent each, 10 per cent each going to Japan and to the US, and the rest to Canada and other parts of Europe. The £70m French placing has been agreed firmly enough for the Eurotunnel board to be confident that it will be "quite straightforward." Mr Richard Redmayne, a director of County Securities, broker for the share placing, is equally confident about its success.

He said "letters of comfort" had been received from 30 UK institutions. "I would be amazed if 27 have not come up with the money in the next week or so." The strategy is to divide the UK's initial £70m among 70 to 100 institutions, most of which are likely to be insurance com-

CONTENTS section listing various articles and their page numbers, including "UK nuclear future: a case to be answered" and "Labour conference: Mr Kinnock looks ahead".

## Group of Five seeks to calm market unease

BY PHILIP STEPHENS AND STEWART FLEMING IN WASHINGTON

THE GROUP of Five industrial nations were yesterday seeking to bridge differences over interest and exchange rates by attempting to reach agreement on medium-term guidelines for the world economy. Their publicly expressed disagreements have disrupted financial markets in recent weeks.

In talks in Washington, finance ministers and central bankers of the US, Japan, West Germany, France and Britain focused on broadening the joint monitoring, or mutual surveillance, of each others' economies which was agreed at last May's summit in Tokyo. The aim was to divert attention from the sometimes acrimonious exchanges on the appropriate level of the dollar, which took place ahead of yesterday's meeting, and from the sluggish pace of economic growth in Europe and Japan.

Senior officials said that the five were concerned to send a calming signal to financial markets on Monday and to be able to present an optimistic assessment of economic prospects in the industrial world in talks with heavily indebted countries next week. The Group of Five meeting and further consultations which will include talks with Italy and Canada this weekend, are aimed at forming common front of industrial nations before next week's annual meetings of the International Monetary Fund and World Bank.

Mr Gerhard Stoltenberg, West Germany's Finance Minister, said yesterday that the Five wanted agreement on a medium-term strategy to promote growth and employment. Other officials said that such an accord might allow governments to hold out the prospect of further reductions in interest rates, without any specific commitment by West Germany to reduce its discount rate on any particular day. West Germany's refusal to cut its discount rate—confirmed at a meeting of the Bundesbank Council on Thursday—and the US response of talking down the value of the dollar have provoked angry transatlantic exchanges in recent weeks.

Mr Nigel Lawson, Chancellor of the Exchequer, shares West Germany's concern to shift the debate to longer-term action to remove key imbalances in the world economy—the huge US current-account deficit and parallel surpluses in Japan and West Germany. Mr Lawson, who has foreseen the pound slide on the foreign exchange markets in recent days, bringing the threat of higher interest rates in Britain, is thought to be especially anxious to find a compromise. British officials believe sharp fluctuations in the dollar/D-Mark exchange rate have contributed to sterling's problems, although Mr Lawson yesterday dismissed any suggestion of a sterling crisis.

The finance ministers and central bankers reviewed a series of indicators of economic policy and performance in the leading economies. Mr James Baker, US Treasury Secretary, and Mr Paul Volcker, chairman of the Federal Reserve, believe those point to the need for significantly faster growth outside the US, if the current account imbalances are to be reversed.

## UK money rates higher

INTEREST RATES moved higher in the London money markets yesterday after a week in which the pound reached new lows against the D-Mark. The Bank of England quickly made up the shortage of liquidity in the market by supplying cash to the discount houses, which act as intermediaries between commercial banks and the authorities. The shortage in the money markets turned out to be lower than the £700m the Bank had forecast early in the day. Thus the £714m of assistance it supplied in the morning by buying

billions of exchange from the discount houses left excess cash seeking a temporary home. This eased the upwards pressure on short-term interest rates, and overnight money fell as low as 1 per cent. Three-month interbank interest rates, however, pushed up to 10 1/2 per cent, well above the current bank base rate of 10 per cent. Dealers remained nervous over whether a rise in base rates might still be needed to control the fall in sterling, which the Bank had to support

Continued on Back Page

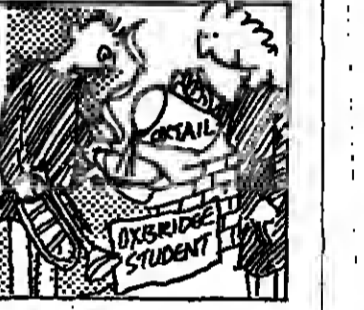
## WEEKEND FT



**PHANTOM**  
There is a lot riding on the Phantom of the Opera, Andrew Lloyd Webber's new musical. Page I



**INVESTMENT**  
To pit your skills against the professionals, enter the FT's Readers' Race, which will run alongside the Great Investment Race. Page V



**DIVERSIONS**  
How to spend it offers a practical guide to Oxford and Cambridge. Page XVII



**SPORT**  
A visit to the stable of Dancing Bronze, racing's shyest hero. Page XX

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# Opinion poll puts Labour far ahead in Israel

By Andrew Whitley in Jerusalem

ISRAEL'S Labour alignment, the traditional party of government until 1977, would be swept back to power on its own if elections were held today, according to an opinion poll published in yesterday's Ha'aretz, the respected Hebrew language daily.

The poll said Labour would win 46.1 per cent of the vote—against only 22.8 per cent for the right-wing Likud, its coalition partner in the National Unity Government.

The low rating for the Likud, its lowest point in the polls since the stalemated 1983 national elections, comes on the eve of the return of Mr Yitzhak Shamir, its leader, to power. Mr Shamir takes over the prime ministership from Mr Shimon Peres of Labour in just over two weeks' time.

Compounding a bad week for the Likud leader, right-wing groups have, meanwhile, fired the first shots in a campaign to renew the building of Jewish settlements in the West Bank and Gaza Strip. Mr Shamir is back as Prime Minister.

A coalition agreement between Labour and Likud put a virtual freeze on the building of new Jewish settlements in the occupied territories. Only six are to be built during the National Unity Government's scheduled four years, of which one has so far been approved.

But, on Tuesday the Likud-affiliated Settlement Department of the World Zionist Organization came out with a call for 20 new settlements to be built in the occupied territories over the next two years.

Although the number of settlements has remained stationary since 1984 their population has risen according to newly released figures. These put the Jewish population in the West Bank today at over 60,000, up by a third over the past two years.

Responding to the settlement's challenge, which would effectively kill off any remaining slim hopes of handing back parts of the West Bank in exchange for peace, Labour ministers insist that there will be no change in existing policy.

Mr Peres told farmers at a big convention of farmers at a big convention that all efforts would be devoted to saving existing agriculture, putting it on a firmer financial footing. "There's no reason to create new settlements and lose what already exists," he said.

A second opinion poll published in yesterday's Davar gave strong backing to the Peres-led Government's handling of the economy.

Over 70 per cent of the population supports the Government's approach for tackling economic problems, the Smith Institute poll said, while 79 per cent believe the war against inflation has been won. In the first eight months of the year consumer prices rose by 9.8 per cent.

# Malaysia expels newspaper reporters

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN Government yesterday ordered the expulsion of two Kuala Lumpur-based correspondents of the Asian Wall Street Journal and imposed a three-month ban on the paper in retaliation against critical articles about Malaysia.

The action signals a tougher stand against the press by the Government. The timing of the expulsion was awkward as Dr Mahatir Mohamad, the Prime Minister, is in New York talking to businessmen about investing in Malaysia.

Mr John Berthelsen was summoned to the Immigration Department and told that he and his colleague, Mr Raphael Pura, had to leave the country within 48 hours. Both are Americans.

The Home Ministry, in a statement on the ban, said it had always adopted "a liberal attitude" towards newspapers in the country, but this must be reciprocated "with a sense of responsibility and accountability."

In recent months, the AWSJ had published many reports critical of Malaysia, particularly on the business dealings of Mr Daim Zaiduddin, Finance Minister and confidante of Dr Mahatir.

# Mourning continues for 177 dead miners. S Africa mine owners act on safety

AS A CROWD of more than 10,000 gathered in the Lesotho capital of Maseru yesterday to pay respects to the 29 Basotho miners killed in the Kinross mine disaster, the Chamber of Mines in Johannesburg announced the establishment of two safety research units and defended the mining industry's record of research and investment in mine safety techniques.

Mr Ken Maxwell, a member of the chamber's executive committee, said the two new units, a hazardous materials unit and a multi-disciplinary task force of mining experts, were formed within days of the mining disaster. Mr Peter Gush, president of the chamber, had undertaken that the industry would take rapid steps to prevent any possible recurrence of the Kinross disaster in which 177 miners lost their lives.

Among the functions of the hazardous materials unit will be to set up a central data base of the flammability and toxic properties of all materials used on the mines and advise the industry of alternatives to potentially hazardous materials. Among these materials is polyurethane foam which gave off toxic fumes after being set alight by a welding accident at Kinross mine and which was identified as a potential hazard by the chamber in the late 1980s.

Although fire followed by toxic fumes appears to have been the main cause of death and injury in the Kinross disaster, Dr Walter Wagner, director general of research at the chamber, revealed that 53 per cent of all fatalities and 27 per cent of all injuries on gold mines are caused by rock falls and rockbursts. This reflects the great depths and pressures prevailing in South Africa's deep-laying gold mines.

Over R200m (£52m) has been invested by the industry in improved hydraulic supports while great use is made of computer models to improve mine layouts and build in safety features into new mines, he said.

Responding to criticism that many lives could have been saved at Kinross had miners been equipped with portable breathing apparatus, Dr Wagner said that the specific conditions of South African mining required extensive testing of the various models available.

The Ciskei homeland on the south east coast of South Africa was in a state of confusion yesterday following an attack on the mini-state's Middeldrift Prison late on Thursday night by a group of unidentified white men armed with machine guns, who freed Mr Charles Sebe, the homeland's former security chief, from jail and escaped with him in three cars to an unknown destination.

Mr Sebe is the younger brother of Mr Leonor Sebe, the Ciskei President, and fell from grace in 1983 when he was detained on suspicion of plotting to assassinate or detain the president. In June 1984 he was sentenced to 12 years in jail on charges of terrorism.

The incident led to a diplomatic row with South Africa, which was accused by President Sebe of interfering in Ciskei's affairs by trying to prevent Mr Sebe's detention.

Shortly after Thursday's attack on the jail President Sebe's son, Major General Kwame Sebe, head of an elite division of the Ciskei security police, and his second in command, Colonel Ngwenya, were also abducted by another group of unidentified men.

A West German-made MSA self-rescuer weighing around 2 kgs and costing around R900 had been identified as the best for South African conditions. Only 2,000 units were currently available although production is scheduled to rise to 3,000 per month by mid-1987 and the mining industry is investigating manufacture of such kits in South Africa. Supplying kits to over 300,000 underground miners would represent a large investment.

In another reaction to the Kinross disaster, Geocor, owner of the Kinross mine, has agreed to permit its employees to take a day's leave on October 1, officially proclaimed a day of mourning by the National Union of Mineworkers (NUM). The chamber has said that

600,000 workers on its 99 member-mines will observe a five-minute silence at noon. The NUM has called for a one-day stoppage on all mines across the country.

The chamber has criticised the NUM for seeking to make political capital out of the Kinross disaster. Mr Johan Liebenberg, the chamber's chief labour negotiator, said that the chamber had indicated its willingness to discuss the NUM's demand for union safety stewards on the mines as far back as December 1985, and was still awaiting a formal presentation from the union.

Meanwhile, in an attempt to break the deadlock over this year's pay agreement, the chamber and the NUM have agreed to take their dispute to mediation.

# Guangdong in a sweat over power shortages

By David Dodwell in Hong Kong

BUSINESSMEN in China's southern Guangdong province are likely to find themselves in a sweat for the rest of the autumn—all air conditioning is being turned off as an emergency measure to reduce crisis shortages of electricity.

From next Wednesday, only a handful of luxury hotels in Guangzhou (Canton), the province's capital, will be allowed to use air conditioning in spite of temperatures of more than 25°C (77°F). Companies are under orders to cut working hours and any factories using more than their quota of electricity will be fined, the English-language China Daily reported.

Heavy industrial enterprises must give up a portion of their electricity quotas.

Guangdong, which produces a quarter of China's light industrial goods and is the country's leading export region, is even at the best of times able to meet only 60 per cent of its total electricity needs.

The current crisis is due to shortfalls of hydroelectric power—which provides 60 per cent of the province's power—The province's installed capacity of almost 4,200 Mw, which has to be shared among the population of more than 60m, is barely two-thirds of the installed capacity of nearby Hong Kong, which caters for just 5.5m.

# Canada plans sanctions

By Bernard Simon in Toronto

CANADA is to implement a Commonwealth proposal for sanctions against South Africa by banning imports of farm products, uranium, coal, iron and steel from October 1.

The Canadian package goes considerably further than the embargo agreed earlier this month by EEC members, which excludes coal and farm products. Ottawa earlier announced plans to close South African Airways and tourist promotion offices in several Canadian cities.

The latest measures will affect Canadian imports valued at C\$87.5m (£43.9m) in 1985. Canada is a substantial buyer of South African sugar, fruit and wine. Eldorado Nuclear of Canada has a contract to process South African uranium.

# Asia's oil exporters urged to diversify

By Kevin Hamlin in Hong Kong

THE INVESTMENT strategies of Indonesia, Malaysia and China, Asia's leading oil exporting countries, should promote energy diversification, particularly into natural gas, liquefied petroleum gas, and where feasible, domestic coal, according to the World Bank yesterday.

Mr Eugene McCarthy, World Bank Energy Department division chief for Asia, Middle East and North Africa, said in Hong Kong at a Financial Times conference on Pacific oil and gas run in association with Petroleum News that in the short term the three countries need to maintain export revenue while in the long-term reduce vulnerability to the dependence on oil.

Asia's oil importing countries, Thailand, the Philippines and Korea, among them, were advised by Mr McCarthy to encourage efficient energy use while also trying to attract risk rental for continued exploration.

The deputy governor of the Petroleum Authority of Thailand's natural gas operation, Mr Pala Seekawesh, said the Thai Government recognised the dangers of dependency on external energy sources after the first oil price shock in 1973-74, and stepped up exploration and development of domestic energy sources.

Thailand has made foreign currency savings of \$2bn (£1.37bn) since natural gas was brought ashore in 1982 in the world's longest pipeline. Thailand had relied on imported energy for 75 per cent of commercial requirements, but since then this has been reduced to 40 per cent.

Mr James Ball, the editor of FT International Gas Report, said that at the end of 1985 gas reserves were 91 per cent as large as those of oil, in energy equivalent terms, but accounted for only 58 per cent of marketed energy.

Mr McCarthy was critical of China. "While an integrated plan for field development, transport and utilisation is

**FINANCIAL TIMES CONFERENCE**

**Pacific Basin Oil & Gas**

critical for the efficient exploitation of oil and gas resources, the importance of formulating such an integrated plan has not been widely recognised by the Chinese authorities."

Mr Changgen, manager of the Bank of China, said BOC would continue to finance the development of oil and gas projects in China, particularly the exploitation of oil resources and the utilisation of offshore natural gas in the South China Sea.

China produced 128bn cubic metres of natural gas in 1985, but Mr Pierre Bourgeois, of Total Compagnie Française des Pétroles, agreed with Mr McCarthy that infrastructural constraints in China would curb the development of natural gas, keeping it at around 3 per cent of total energy requirements.

Meanwhile, Mr James Adamson of the Chase Manhattan Bank, said it could be the middle to late 1990s before capital spending, growth in exploration for and production of oil accelerates appreciably.

Leading bankers will discuss their involvement with the industry toward financing acquisitions and disposal of assets by strong companies," Mr Adamson said.

THE JAPAN National Oil Corporation (JNOC) has also reached a turning point in its investment in development of oil and gas in the Asia Pacific, according to Mr Tatsu Kambara, its deputy general director for administration.

He said Japanese petroleum development companies "are moving to acquire already developed oilfields in the Asia Pacific, and that a plan is already under way to buy an oilfield in Indonesia developed by an American company."

Mr Kambara said: "JNOC's national funds are supposed to be for investment into exploration, so if there are unexplored areas in an oilfield the funds can be used to cover it."

Returning to oil prices, Mr Dick Warne, chairman and chief executive of Shell companies in Singapore, said that a price somewhat above \$13 per barrel is probably necessary to ensure price stability.

Mr Chote Sophonprateh, executive director of the Bangkok Bank, said that excess refining capacity in the region was partly caused by governments more interested in prestige projects than in economic viability.



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**A FINANCIAL TIMES SURVEY**

**NORTHERN IRELAND**

The Financial Times proposes to publish a survey on the above on Monday October 27 1985. For further information please contact:

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EUROPE'S BUSINESS NEWSPAPER



# Patten calls for more houses on inner city sites

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE GOVERNMENT wants to see more than half of Britain's new houses built on derelict and inner city land to protect the countryside from development.

The new target was announced this week by Mr John Patten, Housing Minister, at the opening of Barratt Developments' latest inner city housing estate at Meridian Gardens in Lewisham, south-east London.

The inner city building target will come as a shock to house-builders which have been lobbying for the release of more greenfield sites, to halt the spiralling cost of new building land.

This has reached £300,000 an acre in south-east England, pricing most first-time buyers out of the market.

Mr Patten said: "We are facing a profound problem of bringing life back into the cities and taking the pressure off green fields, so I want to promote building on land which has already been used."

"Last year, we built 45 per cent of the new houses in Britain on land that has been built on before, and I want to carry this well past 50 per cent in the current year."

Barratt Developments builds half of its 8,100 houses a year in the inner cities and on disused industrial land.

Meridian Gardens was built on the site of the former Decca Radar and Patterson Edwards perambulator factories.

Sir Lawrie Barratt, Barratt Developments chairman, said: "Not everyone wants to live in green fields, and we just have to have the imagination to look at derelict factories and see what can be done with a mud-dane site."

● Oxford Regional Health Authority has been granted planning permission to develop a housing estate on the green belt land around Oxford designed to protect the countryside from development.

The permission to build will have raised the value of the 12.3 acres of rough pasture near the River Thames from about £20,000 to £4m.

Mr Nigel Moor, the planning consultant who undertook the authority's application, said permission was awarded because of Oxford's building land shortage.

He added: "The district council knew the money released would be recycled into the community as it was being sold by the health authority and not a farmer."

The site, which is large enough for 150 houses, will be put on the market to the highest bidder early in 1987.

# Joan Gray explains why a company is happy to have lost the title of Britain's biggest home builder How Barratt came back from the brink of disaster

SIR LAWRIE BARRATT, chairman of the company that was once Britain's largest house-builder, has achieved a feat many might envy.

A year ago, after seeing his pre-tax profits fall from £35.5m to £4.1m, he announced the detailed strategy that he hoped would rescue his company from the brink of disaster. The signs are that it has worked.

The number of houses he sells has fallen to 8,100 a year from 13,700 in 1984 and 10,300 in 1985—but his profits are up to £25.4m and his company's debt has been cut from £59m to £8.5m.

He may have lost the title of Britain's biggest house-builder. That is now being fought for neck-and-neck by Wimpey and Tarmac with about 10,000 homes a year each. But he has brought about a recovery based on spotting and using the trends shaping the whole UK housing market.

He has moved upmarket from the small, cheap starter homes that first fuelled his growth, to building fewer, larger and more luxurious houses for richer buyers; and he is building more homes on derelict land end in the inner cities.

Sir Lawrie was the man who brought hunting, marquee, marketing and the starter home to Britain's house building industry, with his idea of selling heavily promoted small,

cheep, furnished homes for first-time buyers rather than semi's for all.

He remains the builder most likely to open a new estate with a marquee, a Minister of State, a whiff of razzmatazz and a yellow rose in your buttonhole when you leave.

Moreover, he remains the only house builder in Britain to expound—openly—the sort of clearly defined marketing strategy with a carefully aimed product range more familiarly associated with the cosmetic confectionery or motor-car industry.

The carefully aimed product range is the Premier Collection Barratt launched last year as his escape from the first-time-buyer market, which now accounts for only 45 per cent of the group's output compared with 70 per cent in 1983 and is planned to fall to 30 per cent by the end of the year.

The first—and the one Sir Lawrie does not talk about—was the need for a change of image.

His profits first started to plunge after allegations that the timber-frame method of building he had adopted to build a lot of houses quickly might lead to homes suffering from damp if the workers were insufficiently experienced or inadequately supervised.

That was compounded by the discovery that the highly promoted starter homes, com-

BARRATT DEVELOPMENTS PERFORMANCE							
(Financial years)	1980	1981	1982	1983	1984	1985	1986
Turnover (£m)	228.4	284.7	385.8	512.9	537.4	538.4	444.3
Pre-tax profits (£m)	24.7	30.5	40.2	50.3	35.4	4.1	25.4
Completions (000)	11.0	12.2	14.8	17.4	15.2	12.0	9.3
Average selling price (£000)	18.1	23.1	23.4	28.0	28.6	35.0	38.0
Percentage first-time buyers	*	65.0	70.0	75.0	65.0	60.0	45.0

\* No figure available.

account for 96 per cent of the new homes his group builds.

Two key factors lie behind Barratt's decision to move away from the first-time-buyer market, which now accounts for only 45 per cent of the group's output compared with 70 per cent in 1983 and is planned to fall to 30 per cent by the end of the year.

The first—and the one Sir Lawrie does not talk about—was the need for a change of image.

His profits first started to plunge after allegations that the timber-frame method of building he had adopted to build a lot of houses quickly might lead to homes suffering from damp if the workers were insufficiently experienced or inadequately supervised.

That was compounded by the discovery that the highly promoted starter homes, com-

plete with washing machine and refrigerator and ready to move into, did not always have the rapid resale value wanted for a first rung on the housing ladder.

Others followed Sir Lawrie into marketing starter homes; nor was he the only builder to adopt timber-frame construction—a method he no longer uses. He sticks instead to the brick-and-block method customary in Britain end with which his company has now won a series of quality awards from the National House-Building Council.

But he was the largest builder in Britain, planning to build 18,000 houses a year and with the City's hopes pinned on him for continued growth. That meant he had further to fall, and the greatest need to announce a clear plan for recovery.

None of the big builders talk much about starter homes any

more, largely because the high price of land—the second key factor behind Barratt's move up-market—has made them uneconomic. It is now more profitable to sell fewer higher-price homes to richer buyers.

"Land in south-east England now costs up to £500,000 an acre—outside London, where it can cost £1m an acre," Sir Lawrie said.

"It has got to the stage where land accounts for 40 per cent and more of the selling price of a new house, which has priced first-time buyers right out of the market."

"The position is aggravated by the general lack of prosperity and unemployment, so people simply find they cannot afford a new house and have to buy secondhand."

"The growth of home ownership in the life of this government also justifies the changed product mix, as many former

local authority tenants who have bought their council houses wish to trade upmarket.

"The only way to cater for first-time buyers now is by refurbishing undesirable public-sector housing and by building on derelict and inner-city land."

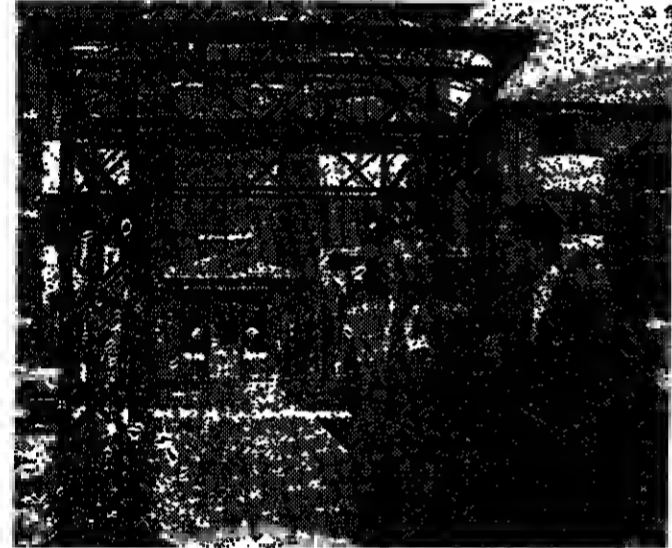
Building in the inner cities—with schemes such as the Meridian Gardens development which opened this week on a former radar and perambulator factory in Lewisham in south-east London—now accounts for half Barratt's output.

That included 850 refurbished council houses and flats last year, which, with their low selling prices and fast turnover are "an ideal product to offer first-time buyers."

Sir Lawrie has no ambitions to rejoin the race for the title of Britain's biggest builder—now tipped to be won by Tarmac, with its plans to build more than 11,000 houses a year.

"We have built an average of more than 12,000 houses a year this decade, more than 85,000 homes between 1980 and 1986," he said.

However, now that he has the new product range, marketing strategy and quality-conscious workforce in place, he is confident. "We can take the volume up again when we choose to; it would be nice to get back up to building 10,000 bigger houses a year."



Sir Lawrie Barratt (left), chairman of Barratt Developments, with Mr John Patten, Housing Minister, at the opening of the Meridian Gardens housing estate in south-east London.

# Jaguar to take over its Japan marketing

BY GORDON CRAMB IN TOKYO

JAGUAR is to set up its own marketing operation in Japan taking over a distribution role which since 1983 has formed a large proportion of the state-owned Rover Group's business there.

Austin Rover Japan (ARJ) yesterday announced that it would end sales of Jaguars and Daimlers next year. For 1986, those are expected to account for 590 of the 3,500 cars ARJ hopes to sell. In value terms, however, they would represent a far higher proportion of ARJ's total turnover, projected at around ¥15bn (£67m) this year.

Jaguar cars sell in Japan for about ¥10m each, compared with ¥1.5m to ¥3m for other ARJ marques. The move by Jaguar, privatised in 1984, follows a rapid appreciation of the yen which has made imports more attractive in price.

Other European executive car makers, including BMW, Volvo and Mercedes, have been acting similarly to reclaim franchises in Japan and boost marketing.

The Japanese Government is encouraging imports of consumer goods as a means of reducing trade friction. Imported cars at present account for only 2 per cent of the Japanese market.

ARJ began in April 1983 by marketing only Jaguars, before it was able last year to regain local distribution rights for BL products. The company emphasised that, although it had doubled sales of Jaguar cars from their 1982 low point of 272, those now made up a declining share of its business.

In May this year it launched the Peugeot 205 imported under contract with the French maker. ARJ's main line is the Mini, in its Mayfair and Chelsea variants, for which it expects 1986 sales of 2,500. Towards the end of the year, ARJ is to launch the Rover Sterling, developed jointly with Honda. The Honda Legend, its Japanese equivalent, is already on sale domestically and will be manufactured by Rover Group in the UK from roughly the same time as the first Rover models come off Honda production lines in Japan.

The Sterling is expected to sell for between ¥4m and ¥4.5m—more expensive than the Legend but with more features included as standard.

# NFC buys US distributor

THE employee-owned National Freight Consortium has acquired a controlling interest in Dauphin Distribution Services of Mechanicsburg, Pennsylvania.

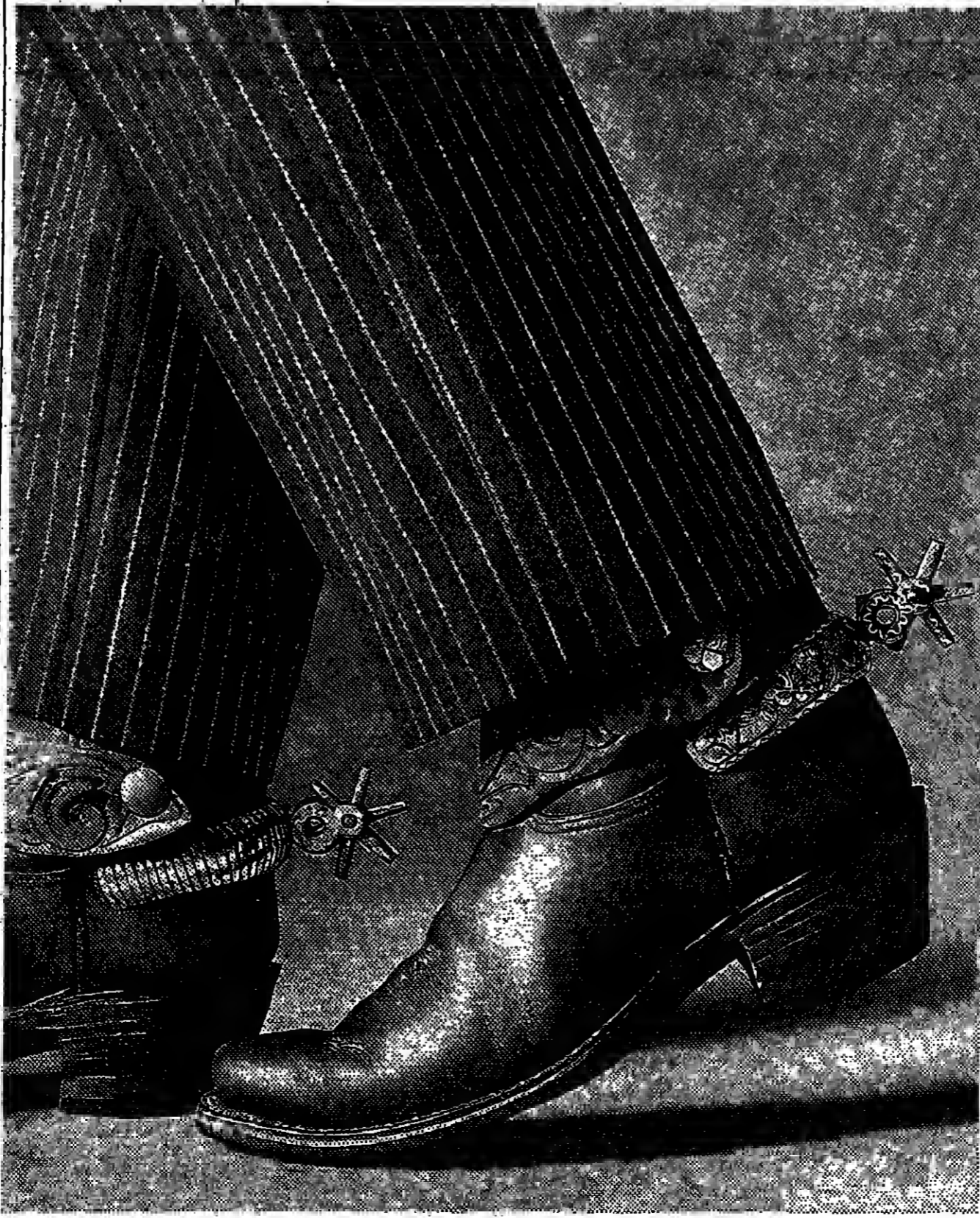
Dauphin employs 600 and according to the NFC is one of the largest warehousing and distribution businesses serving the food and grocery trade in the Atlantic region. Based near Harrisburg, Pennsylvania, the company serves an area from Maine in the north to Virginia in the south. It also controls an

operation in Tennessee and has developed in Ohio where it owns Fostoria Distribution Services, based near Toledo.

NFC, which has 25,000 employees, has bought an 85 per cent stake in Dauphin for an undisclosed sum. All the shares were previously owned by Mr Jim Adams, president and founder of the business, and his fellow directors.

Expansion through investment abroad, particularly in North America, is one of NFC's aims.

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# UK NEWS-LABOUR

## BT union urged to reject 5% offer and take action

By CHARLES LEADBETTER, LABOUR STAFF

MEMBERS of the National Communications Union, the largest union within British Telecom, are to vote on industrial action over the company's pay offer of an average 5 per cent.

The executive of the union's clerical group yesterday decided to recommend to its 30,000 members in BT that they reject the offer and take industrial action.

The union's engineering group executive decided earlier this week to ballot members for their views. The executive will not make any recommendation on industrial action.

In the ballots members of the union are being asked to reject the offer and take industrial action or to authorise their executive committee to negotiate an agreement.

BT has offered both groups a

rise of 4.5 per cent from July 1 1986, with an extra 0.5 per cent to be paid on April 1 1987 backdated to July.

The 120,000 engineers have been offered an extra 0.75 per cent payable from April next year.

In a similar ballot last year on BT's offer of 7 per cent, the clerical group voted for industrial action while the engineers voted against.

The results of the ballots will be known in early November. The union's clerical group executive will meet soon afterwards. If the engineering group votes for industrial action a special delegate conference would have to be called to sanction a formal ballot.

Both groups have said the offer is unacceptable but they also expressed anger that BT has made the increase conditional on changes to working

practices, job descriptions and grading structures.

Clerical workers are particularly concerned about BT's desire to introduce an office junior grade with a salary scale 13, 25 per cent below the present lowest grade.

Many female clerical workers were also antagonised by the company's attempt to negotiate a flexible working hours agreement and introduce Saturday working as a condition of service.

Ms Jeannie Drake, deputy general secretary of the clerical group, said: "Against the background of recent profits, to try to impose conditions and hold down the pay offer to just 4.5 per cent is to kick sand in the face of a previously committed workforce."

Leaders of the clerical group expect a strong vote for industrial action.

## BA silences workers as sale prelude

By David Brindle, Labour Correspondent

BRITISH AIRWAYS has imposed strict restrictions on the freedom of its 39,000 employees to speak about the airline in the run-up to its privatisation early next year.

The airline says that anything to be said publicly must first be cleared with its legal department in case it affects bow potential investors view the forthcoming share issue.

The restriction—which is likely to be seen by some employees as an over-reaction—is explained in the latest issue of British Airways News under the headline: "Warning: Talking can damage your wealth."

Deferred share options are owned by about one in three BA workers under the airline's profit-sharing scheme.

The newsletter article says strict rules governing the pre-flight registration period mean that "nobody in BA, regardless of job or position, may say anything in public which could affect a potential investor's decision to buy or not to buy our shares."

This includes not just profit forecasts but statements on services, routes and staff numbers, the airline says.

"If you break this rule, even with the best of intentions, you are putting not just your own job but the future of the airline in jeopardy."

The restriction will have particular impact on officials of the Transport and General Workers' Union, the main union for BA employees, which plans to continue its opposition to privatisation.

## NI calls on TUC to intervene in ballot

By HELEN HAGUE, LABOUR STAFF

NEWS INTERNATIONAL yesterday called on the TUC to intervene in the ballot that the print union Sogat '82 is holding on the offer aimed at settling the eight-month-old dispute at Wapping, East London.

The company said it had "little or no confidence" in the way the union was conducting the ballot.

It invited the TUC to "conduct and/or monitor" new balloting procedures to ensure that all Sogat members eligible to vote on the offer had a fair chance to do so.

The move arises from increasing disquiet among News International executives over the way in which the Sogat ballot is being conducted.

Branches and chapels have all recommended rejection of the offer, which includes £58m in compensation for the 5,500 printworkers that the company dismissed. Under the union's rules, ballot papers are being distributed through branches to chapels.

Last night, Ms Brenda Dean, Sogat general secretary, accused

the company of making public criticisms of the union's conduct of the ballot "without a shred of evidence that there are any irregularities."

"If any such evidence came to our attention we would investigate it thoroughly and put it right."

She said the union would not be dictated to by the company on how to conduct its affairs.

She was surprised that the company appeared to be saying, without any consultation, that they had frozen the offer. She expected News International to fulfil the terms outlined in the package if members voted to accept it.

The company fears that activists campaigning for rejection of the package will play an influential role in galvanising a "no" vote.

The TUC has rebuffed the company's approach. Mr Norman Willis, TUC general secretary, said last night: "After all the negotiations that have gone on, I am surprised that the company should have launched these criticisms while ballots are proceeding."

## Ucatt votes to accept refunds of ballot costs

By HELEN HAGUE, LABOUR STAFF

MEMBERS of Ucatt, the construction union, have voted by a five-to-one majority to accept government cash for secret postal ballots. The poll was carried out through the branches.

The union's executive polled members on the issue in spite of an annual conference resolution aimed at prohibiting the leadership from accepting public funds for ballots.

The conference voted narrowly to tell the executive to abide by policies adopted at the 1982 TUC Wembley conference on employment law, which ruled out taking government money.

At that time Ucatt leaders had already applied to the Government for a £95,000 refund for secret postal ballots to elect two executives.

Mr Albert Williams, the union's general secretary, said yesterday that the result vindicated the executive's decision to consult the membership.

In the poll, about 4,700 branches backed the leader-

ship's recommendation to take the money, while 900 rejected it.

Mr Williams said: "The executive thought the conference had taken a completely unrepresentative decision for purely political motives against the best interests of the union's members."

The union leadership would not hesitate to put other important issues to the entire membership.

**Go-ahead for outfall at Scarborough**

YORKSHIRE Water has been given the go ahead by the Environment Secretary to build its long sea outfall for Scarborough to improve beach standards at the east coast resort.

The Secretary of State has given his consent for discharges under the Control of Pollution Act and has dismissed suggestions by some opponents of the £19m plan that the outfall could be sited at a better point.

## Warnings fail to halt naval docks strike

By Our Labour Staff

WORKERS at the naval dockyards at Devonport and Rosyth went ahead yesterday with a 24-hour strike in spite of government warnings of a total of 6,000 job losses at the yards.

In a report published by the Defence Ministry on Thursday, consultants Coopers & Lybrand said the job losses would be needed if the Government retained control of the yards instead of handing them over to commercial management, as planned, next spring.

However, manual workers at both yards and white-collar staff at Devonport went ahead with yesterday's strike in protest at the commercial management plans. White-collar staff at Rosyth had staged an earlier stoppage.

Mr George Younger, Defence Secretary, has reaffirmed the Government's decision to close the Royal Navy stores depot at Llangennech, Llanelli, west Wales, with the loss of almost 500 jobs.

In a letter to Mr Denzil Davies, Llanelli's MP and Labour's defence spokesman, Mr Younger says the depot's can be done elsewhere with "substantial" net savings.

## Rover accused of paving way for Honda takeover

By CHARLES LEADBETTER AND JOHN GRIFFITHS

TWO TRADE UNION leaders yesterday accused Mr Graham Day, chairman and chief executive of the Rover Group, of preparing the group to be taken over by the Japanese car manufacturer Honda.

Mr Mick Murphy, the Transport and General Workers' Union automotive national secretary, said that Mr Day's announcement of far-reaching management changes within the group indicated that the way was being cleared for Honda effectively to take over the group.

Honda is collaborating with the Rover Group to develop a replacement for the Maestro and Rover 200.

Mr Murphy said: "We are not opposed to Japanese management as such, nor are we opposed to collaboration. But this is not collaboration, but capitulation."

Mr Murphy said the departure of Mr Harold Musgrove as chairman and chief executive of Austin Rover, the group's volume car division, removed a major obstacle to Mr Day's strategy.

"Whatever else he was, Mr Musgrove was a staunch supporter and defender of the British car industry. His depart-

ure now clears the way for Mr Day to allow Honda to come in and take over Austin Rover," Mr Murphy said.

He said the argument about maintaining a British presence in the volume car market went beyond the jobs which might immediately be at risk in the motor industry, and that if Honda played a major role in the future of the Rover Group, the car components industry and other suppliers would be severely affected.

Mr Tod Sullivan, the union's national officer for white-collar staff in the Rover Group, said that Honda had embarked on a creeping takeover of the group.

Mr Sullivan said that the Honda engine plant under construction near Swindon throws in doubt the future of the Austin Rover engine plant at Longbridge.


He also said that the union had been told that the Rover Group was preparing to pull out of Gaydon Technology, which conducts much of the group's testing, research and development.

Mr Harry Sberon, managing director of Gaydon Technology, which occupies a 1,000-acre site in Warwickshire, denied all knowledge of the T & G claim. "It simply isn't true," he said.

## Canteen dispute stops buses

MOST BUS services in London were stopped for between two and four hours yesterday when the 17,500 drivers and conductors held protest meetings over the use of non-union agency workers in their canteens.

London Regional Transport said all but two of its 55 bus garages had been affected by the meetings, held by the Transport and General Workers' Union. The disruption did not occur during peak rush-hour periods, however.

Jardines			
1986 Interim Results			
The Board of Directors announces that unaudited earnings after tax and minority interests but before extraordinary items for the six months ended 30th June, 1986 were HK\$180 million, an increase of 173% over the comparative figure for 1985.			
Earnings per ordinary share for the half-year were HK\$0.44, compared with HK\$0.16 (as adjusted for scrip dividend) in the same period last year, an increase of 175%.			
The Board has declared an interim dividend equivalent to HK\$0.10 per ordinary share to be satisfied by the allotment of new ordinary shares with a cash alternative at shareholders' option, payable on 15th December, 1986, to ordinary shareholders registered on 7th November, 1986. The ordinary share register will be closed from 27th October to 7th November, 1986, both dates inclusive.			
	Six months ended 30th June 1986	Six months ended 30th June 1985	Year ended 31st December 1985
	HK\$m	HK\$m	HK\$m
Turnover	5,552	4,471	10,497
Profit before exceptional items	380	302	709
Oil and gas exploration costs written off	—	(65)	(144)
Profit before taxation	380	237	565
Taxation—Hong Kong	(38)	(60)	(136)
—elsewhere	(121)	(69)	(156)
Profit after taxation	221	108	273
Minority interests	(41)	(42)	(116)
Profit after taxation and minority interests	180	66	157
Extraordinary items	(6)	(150)	(426)
Profit/(Loss) attributable to shareholders	174	(84)	(269)
Dividends—7% preference shares	(1)	—	—
—ordinary shares	(41)	—	(41)
	132	(84)	(310)
	HK\$	HK\$	HK\$
Earnings per ordinary share	0.44	0.16	0.38
Dividends per ordinary share	0.10	—	0.10
The Interim Report is available from the Company Secretary, Jardine Matheson Holdings Limited G.P.O. Box 70, Hong Kong.			
By order of the Board R.C. Kwok Company Secretary 26th September, 1986			
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Oklahoma Department of Commerce

Sun, clouds and fog

HALFWAY through the party conference season, the British political outlook is still like a familiar weather forecast: cloudy with sunny intervals.

As for unemployment, even if it stabilises in the autumn, it is still at a level so high that it is hardly decent to mention.

The row over defence, however, was hardly a luxury that the Alliance could afford. Time is now pressing if it is to develop a credible policy overall.

Yet if economic problems have so far been ducked, there is perhaps some reason for it. The economic outlook is as uncertain as the political.

There can be no comfort for anyone in the news that Austin Rover is once more making heavy losses. After seven years, a Tory Government has succeeded neither in privatising it nor in restoring it to sustained

IN SPITE of strong pressures from the centre and left of the political spectrum for a nuclear moratorium, the Government seems determined to press ahead with the construction of a new family of nuclear power stations.

All the signs are that ministers are preparing to order the first Pressurised Water Reactor (PWR) at Sizewell in Suffolk early next year unless the report of Sir Frank Layfield's planning inquiry into the project—expected next month—makes this politically impossible.

However, inside the Conservative Party there is probably substantial support for a further pause to consider the lessons from the accident at Chernobyl in the Soviet Union in April.

Although the signals coming from the TUC and SDP conferences were equivocal, it is now clear that any incoming left or centre coalition government would at least insist on a major review of nuclear power.

However, enthusiasts for scrapping nuclear power often seem unaware of the strength of the economic forces which would be unleashed, probably with major adverse effects on Britain's prospects for unemployment, inflation and the balance of payments.

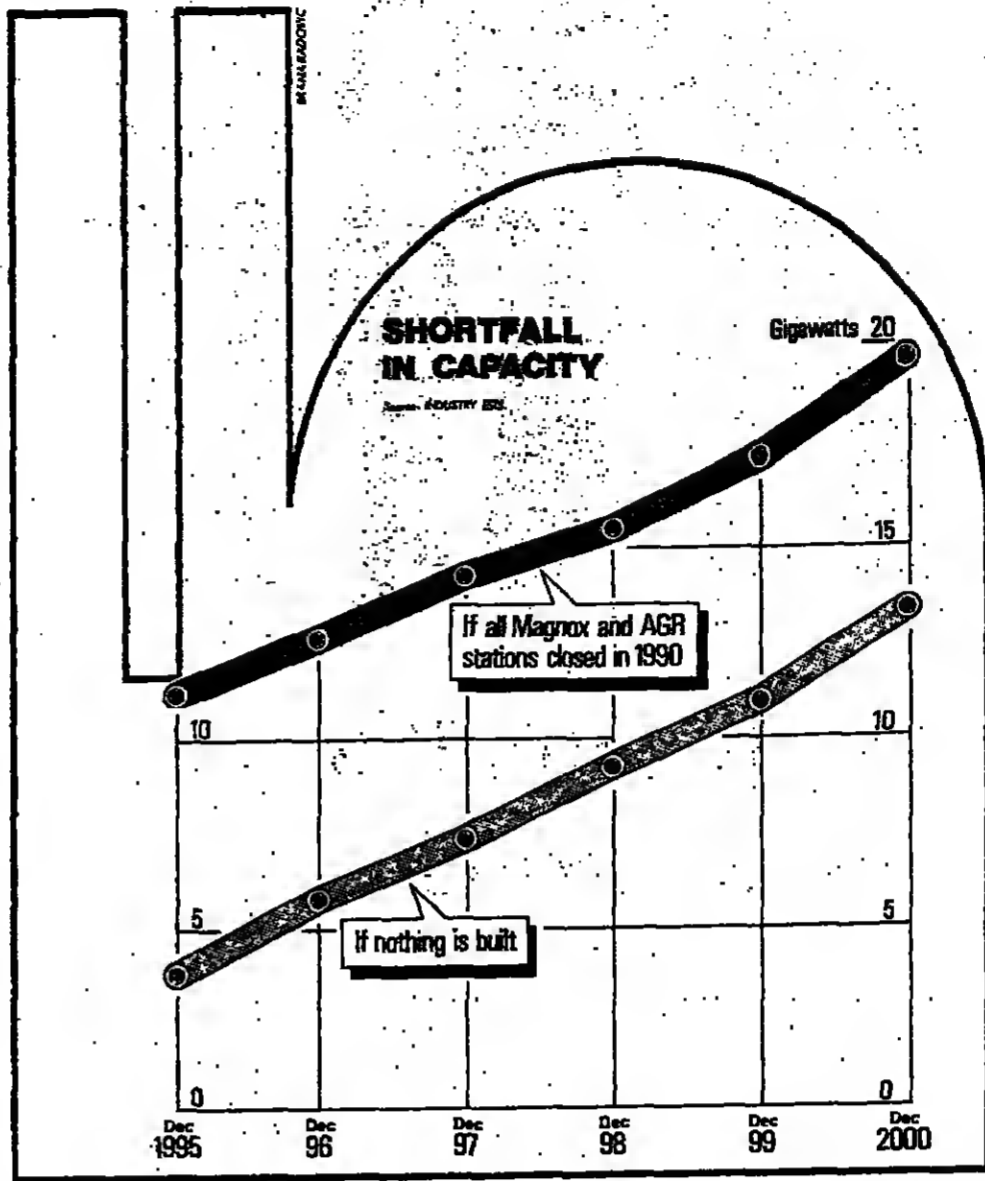
Lord Marshall the outspoken chairman of the Central Electricity Generating Board has warned that a rapid renunciation of nuclear power would cause the lights to go out over Britain and electricity costs to rise by between 15 and 50 per cent.

Nonsense, says Greenpeace, the anti-nuclear campaign organisation. It commissioned a detailed study, published this week, which concluded that all nuclear power stations and imports of French nuclear electricity could be phased out in four years with little risk of power cuts.

"Ludicrous," retorts Mr John Baker, managing director of the CEGB. The Greenpeace study was based on incorrect or highly dubious assumptions, he claims. If the CEGB were to do without nuclear power, the extra fuel costs alone would be £1bn a year at current prices.

A case to be answered

By Max Wilkinson, Resources Editor



ity is the first generation Magnox gas-cooled reactors, which on present plans will be retired progressively over the next 16 years.

When all the AGRs are fully commissioned near the end of the decade, the nuclear contribution to electricity generation in the UK could rise to between 20 to 25 per cent from 15.7 per cent last year.

Though Britain's nuclear power stations were very expensive to build, the cost of running them is only about a third to a half of the cost of an equivalent coal-fired station because they use so little fuel.

For this reason nuclear stations are ryo fat-out for as much of the year as possible, while those burning expensive fuels are reserved for periods of peak demand, particularly winter evenings.

lives would be correspondingly high.

Mr John Baker, the CEGB's managing director, says that shutting down all nuclear stations and stopping imports of French nuclear electricity would immediately add £1.2bn or 15 per cent to annual fuel costs.

Greenpeace assumes with shining optimism that the demand for the equivalent of the output of two large power stations (3.7 Gw) could be saved by additional conservation measures and the use of standby and other generators in the private sector.

That is why there are strong economic incentives to prolong the lives of nuclear reactors, if it can be done safely, and large financial penalties for shutting them down prematurely.

year, enough to double Britain's spending on new hospitals and roads. And this takes no account of the substantial extra costs of basing Britain's new power station programme on coal-fired plant rather than a mixture of coal and a new generation of nuclear reactors.

This points up the acute dilemma which would be forced on any government which started to think seriously about the wider implications of doing without nuclear energy.

Even with the currently projected growth rate for electricity demand, at 1.5 per cent a year, the CEGB expects to need 10Gw of extra capacity (six or seven power stations) by the year 2000.

Moreover, replacing the nuclear capacity would add to the public sector's borrowing requirement at a time when a government would allow in order to finance the expansion of public sector works.

Such a government, however, might hope to escape the dilemma by passing the cost on to electricity consumers, particularly the industrial sector.

Industrial consumers in France have been promised a cut in electricity prices of 1 per cent per year in real terms until the end of the century when 75 per cent of French electricity is likely to come from nuclear plant.

Such a government would almost certainly keep open the cross channel link which could provide 2Gw—the equivalent of a large power station—of very cheap French nuclear electricity.

Under these circumstances most of the Magnox reactors could be allowed to die of natural causes and the AGRs might linger on until early middle age before being dismantled. The extra costs might then be limited to perhaps 10 to 15 per cent on electricity prices.

Man in the News

Gianni Agnelli

A good week, an excellent year...

By Alan Friedman



ONCE ONE of Europe's most flamboyant playboys, Mr Gianni Agnelli returned yet again to the limelight this week in his more familiar role as Italy's most powerful industrial baron.

If the 65-year-old Fiat chairman was looking for a little smug in a rare interview on Italian television, that was to be excused. He had, after all, just organised a \$3bn buy-out of Libya's Fiat shareholding in a deal which bumped his own family's stake in the turn-of-the-century company up to more than 40 per cent.

On top of that, Fiat rushed out doubled first-half profit figures which once again demonstrated the company's turnaround only a few years after coming close to the brink of bankruptcy, Agnelli said, "an exceptional year."

Gianni Agnelli looks best when he is announcing some glamorous development, whether in the mellifluous strains of his native Piedmontese Italian or in his fluent French or English.

He seems most at home when hosting a dinner for notables such as Senator Gary Hart or Paul Volcker in a 15th-century Venetian palazzo (as he did a few weeks ago) or when exiting from Prime Minister Bettino Craxi's office amid the glare of the paparazzi, his famous gold watch winking over his shirt cuff reflecting the flash-bulbs.

map out business strategy himself in the late 1960s and 1970s came to serious grief: most notably when in 1988 he tried to tie his company to Citroen, when in the 1970s he tried to diversify away from major cars to public transport equipment, and when, shortly after, as president of the Confindustria employers' association he agreed to extend the highly inflationary scolar mobile wage indexation system.

By 1979, Fiat was in deep trouble, beset by industrial strife, red brigades terrorism, a huge debt burden and a management deficiency which threatened to bring the company down. At that point, Mr Agnelli made arguably the most important decision of his business career, when he finally admitted that his brother Umberto, then managing director, was not the man to save Fiat, and hired instead tough-minded managers. Cesare

Romiti, former Alitalia chief, to run the group, and Vittorio Ghidella, another workaholic manager, to run the car division.

The Fiat success story has been well documented, but it is certainly not because of his industrial triumphs alone that Mr Agnelli is so popular in Italy. For most Italians he is the "Avvocato" (the title for lawyer, although he has never practised), the owner of the Juventus football team, the last of the great playboys, the man who in the 1960s was seen in the company of the most beautiful young actresses in Italy.

To his friends Gianni Agnelli is a man of wit and charm. He owes his influence at home not just to his family's wealth, estimated at more than \$5bn, but to his prestige, taxi drivers and businessmen alike follow his whims, sartorial or otherwise.

His personal philosophy about life emerges from an instance which his friends and foes alike recount with glee. The episode is recorded in a volume of memoirs written by his sister Susannah, who is a senator in Rome. When she once went to her brother and told him she was in love, Gianni Agnelli replied: "In love? How is that possible? I thought only waiters fell in love."

There is also a darker side to Mr Agnelli. Newcomers to the world of Italian capitalism portray him as the role of feudal chieftain, preserving at all costs a rigid and oligopolistic establishment, a kind of ancien regime which refuses to countenance the rise of Italy's new entrepreneurs.

has described Agnelli as "a famous Italian abroad, but a monarch surrounded by his managers at home."

A very senior executive at General Motors in Detroit paused when asked about the Agnelli's a few months ago and replied: "A great family, no doubt about it, but a family coming to the close of its era."

Jodeed, one problem which sometimes makes Mr Agnelli look older than his 65 years is the fact that he has no heir apparent. His son Edoardo, after a troubled adolescence, is involved mainly in managing the Juventus football team, brother Umberto is only a few years behind Gianni and some associates say the "Avvocato" is irked at times by the way that Mr Romiti steals the limelight.

On the other hand, Mr Agnelli is flexing his muscles once again, expanding his personal empire which already includes Fiat, department stores, newspapers, insurance companies, cement makers, part of the Cinzano vermouth business, a stake in Zanussi, films, defence, biotechnology and much more.

Taken together, companies in which the Agnelli family has major shareholdings now account for something like a third of the total capitalisation of the Milan Bourse.

Mr Agnelli this week also made clear that he would not sit still and watch America's Ford march into Italy and take over the troubled Alfa Romeo. He promised (or threatened) that as soon as Ford's formal offer was disclosed, Fiat would "make a better offer."

Oppenheimer Europe: go for the encore. Following spectacular growth in 1985 European markets have consolidated in the first half of this year. Many financial advisers are now looking again towards Europe for dynamic growth. The Oppenheimer European Growth Trust aims to capitalise on the obvious benefits of low interest rates, low inflation, dramatically reduced energy costs and the general climate of political stability. European markets are still relatively cheap. Currency Gains In addition to the healthy outlook for stockmarkets, clients will benefit further if the pound continues to weaken against major European currencies, for example the Swiss Franc has appreciated 15% against Sterling so far this year. Oppenheimer was one of the first to forecast the major European potential in late 1984. Our European fund was the top performing of all authorised unit trusts in 1985 and is currently up 59.9% over the 12 months to 1st July. For a copy of our latest European brochure call 01-489 1078 or write to Oppenheimer at 66 Cannon Street, London EC4A 6AE.

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UK COMPANY NEWS

Swedish bank buying English Trust

BY SARA WEBB IN STOCKHOLM

PKBanken, the Swedish state-owned bank, yesterday made an agreed £37.6m cash bid for the English Trust Group as part of its plan to establish merchant banking operations in the City of London.

Sunlight Service rises 64% to £2.2m

Sunlight Service Group, cleaning and security services group, reported an increase in pre-tax profit of 64 per cent to £2.16m, against £1.32m, in the first half of 1988.

B. Priest makes £6m agreed bid for Sillavan

Benjamin Priest Group, West Midlands manufacturer of drop forgings, is making an agreed bid worth £5.7m for Sillavan Industries, metals processor and merchant.

The main shareholders in the trust are the brokers, E. D. and F. Man (29 per cent), UK Temperance and General Provident Institution (15 per cent), and National Bank of Sharjah (5 per cent).

Radamec coming to USM via placing

The Radamec Group, which manufactures and markets high technology products to the defence and communications industries, is coming to the USM through a placing which will value the company at £13.5m.

Thorn EMI sells 20% holding in Myson

Thorn EMI, the electricals, entertainment, and defence group, yesterday sold its 20 per cent stake in Myson, the heating and ventilation engineer, for £22m.

Norfolk Capital in £20m rights to fund buying

BY DAVID GOODHART

Norfolk Capital Group, the hotel chain, is intending to raise £20.2m in a one-for-one rights issue which will help finance the acquisition of two Edinburgh hotels from Guinness.

Grovebell future in doubt as chief quits

Grovebell, the trade financing operations, most of which relied on Mr Advani's personal contracts. Some of this business was conducted on an arms length basis through subsidiaries of Starford.

Hestair pulling out of farming equipment

Hestair, the industrial holding company, is finalising negotiations for the sale of its farming equipment interests. The disposal forms part of Hestair's move away from engineering towards consumer industries.

W. Selection cash call

To provide its Duratube subsidiary with increased manufacturing capacity, Western Selection is calling on shareholders for some £2.53m net through a 9-for-20 rights issue at 60 pence share.

Belgrave repels boardroom move

International Securities AG, a Luxembourg company, yesterday failed in its attempt to get two representatives on to the board of Belgrave Holdings, in which it has a 29.99 per cent stake.

Hallite order intake slows

At the annual meeting of Hallite, synthetic rubber and plastic precision seal maker, the chairman reported that flat external economic conditions had had an impact on the level of orders.

Liberty profits halved to £0.4m

THE STRENGTH of sterling against the dollar and terrorism fears were blamed for halved profits in the six months to August 2, 1988 for Liberty, the retailer, wholesaler, merchant converter and printer.

Westwood Dawes loss

Westwood Dawes, mechanical handling engineer, produced a pessimistic interim report yesterday and the shares reacted by falling 9p to 53p.

Utd Newspapers buys newsgast

United Newspapers, publishers of the Daily and Sunday Express and the Star, are making an agreed £3m takeover bid for Garrods, a South Wales chain of newsgast shops with 47 outlets.

Harvey & Thompson

Harvey & Thompson, USM quoted pawnbroker, hoisted pre-tax profits by 91 per cent from £445,000 to £850,000 for the year ended June 28, 1988.

Jacquar £1.4m loss

Jaquar, the dress fabrics merchant, is unable to pay its preference dividend due September 30. But its parent company, Sellincoff, will make funds available to meet it.

Newarthill

Because of an error in a newsgast report, the FT yesterday incorrectly quoted Newarthill as saying extraordinary items for the year were expected to be somewhat less than last time. The company in fact said: "Extraordinary items this year represent profits on sales of securities. Group profit before tax for the full year to October 30 is likely to be somewhat less than that of the previous year."

BASE LENDING RATES

Table with columns for bank names and interest rates. Includes entries like ABN Bank, Adia & Company, and others.

APPOINTMENTS

Newman Tonks chief executive

At NEWMAN TONKS GROUP Mr E. T. Barnes will retire as group chief executive on October 31. He will become a non-executive director and chairman.

HYMAN has appointed Mr J. H. Webb as group managing director

HYMAN has appointed Mr J. H. Webb as group managing director, whilst Mr V. W. Mannion has resigned from the board.

Mr A. E. H. Williams has been appointed to the new position of technical director at the INSTITUTE OF PETROLEUM

Mr A. E. H. Williams has been appointed to the new position of technical director at the INSTITUTE OF PETROLEUM, London, with responsibility for the promotion, development and optimisation of technical services.

MANUFACTURERS HANOVER TRADING COMPANY

MANUFACTURERS HANOVER TRADING COMPANY has named Mr John E. Rimmer vice president and Mr John Halliday assistant vice president.

Mr Andrew Sansom is to be the new secretary of the CHARTERED ASSOCIATION OF ACCOUNTANTS

Mr Andrew Sansom is to be the new secretary of the CHARTERED ASSOCIATION OF ACCOUNTANTS. He will take up his post early in 1989 following the retirement of the present secretary Mr Roger Dudman.

LOMBARD NORTH CENTRAL, the finance subsidiary of National Westminster Bank

LOMBARD NORTH CENTRAL, the finance subsidiary of National Westminster Bank, has appointed Mr Tony Morley as director and general manager of its new leasing subsidiary, Lombard Leasing.

GRANVILLE

Table with columns for company names and financial data. Includes entries like High Low, 105 116, 151 121, etc.

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INTL. COMPANIES and FINANCE

COMMODITIES AND AGRICULTURE

Two more Wah Kwong ships seized by banks

BY DAVID DODWELL IN HONG KONG

WAH KWONG, the Hong Kong ship-owning group which foundered in January with debts close to US\$500m, was yesterday continuing its struggle for survival, with four vessels now arrested by creditors...

August 28 whether we would still be around without an agreement on September 26, we would have said that was highly unlikely.

Elders increases profit and pays same

By Robert Kennedy in Sydney

ELDERS IXL, the Australian brewing, financial and pastoral group which recently acquired Courage of the UK in a £1.4bn (US\$2bn) takeover, reports an increase from A\$106.9m to A\$181.4m (US\$14.4m) in net profits for the year ended June 1986.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Latest price, Change on week, Year ago, High, Low. Includes METALS, GRAINS, SOYABEANS, RUBBER, COCOA, NICKEL, ZINC, TIN, GOLD, SILVER, WHEAT, BARLEY, RICE, etc.

US MARKETS

Table with columns: Commodity, Latest, High, Low, Prev. Includes HEATING OIL, NEW YORK PRECIOUS METALS, GRAIN, SOYABEANS, etc.

Jardine 24% ahead at midway

BY OUR HONG KONG CORRESPONDENT

THE GRADUAL recovery of Jardine Matheson, Hong Kong's oldest colonial trading company, was reflected yesterday in pre-tax profits for the first half of 1986 of HK\$380m (US\$49m), an improvement of almost 24 per cent over profits of HK\$302m at the interim stage last year.

Land shares, thereby diluting Jardine's holding and to make new investments. Early this year it acquired Emmet and Chandler, the US insurance group, for US\$62m, the first fresh acquisition since 1981.

Mr John Elliott: plans to raise funds

Foster's lager, had contributed A\$80.5m pre-tax to the result. Last year Carlton earned A\$64.9m pre-tax.

REUTERS INDICES

Table with columns: Index, Sept 26, Sept 27, Year ago. Includes DOW JONES, FTSE 100, etc.

Investor group bids \$350m for Gelco

By William Hall in New York

GELCO, which controls one of the world's biggest container leasing and fleet leasing operations, has received an unsolicited \$350m takeover offer from Coniston Partners, one of the younger groups of corporate raiders now stalking sleepy companies.

First-half fall at Belgian pharmaceutical company

By Tim Dickson in Brussels

UCB, the Belgian pharmaceutical and chemicals group, yesterday reported an 11 per cent drop in after tax profits to BFR 691m (\$162m) in the first half of 1986, on sales 6 per cent lower at BFR 15.6bn.

COPPER

Table with columns: Grade, Unofficial price, High/Low. Includes COPPER, ZINC, TIN, etc.

BP Australia in the red

By our Sydney correspondent

BP AUSTRALIA, the oil refining and mining unit of British Petroleum in the UK, lost A\$11.9m (US\$7.1m) in the first half of 1986, compared with a break-even figure previously, due almost exclusively to stock losses on the oil side of about A\$20.5m.

Court places Promet in receivership

By Wong Sulong in Kuala Lumpur

PROMET, the financially troubled Malaysian-Singapore oil rig, construction and property group, was placed in receivership yesterday after its creditor banks succeeded in getting the Kuala Lumpur High Court to vary an earlier injunction.

GOLD

Table with columns: Gold price, Silver price, etc.

Girozentrale buys control of Swiss bank

By Patrick Blum in Vienna

GIROZENTRALE (GZ), Austria's second largest bank, is to acquire a 55 per cent share in Bankinvest of Zurich. Terms were not disclosed. Pending approval from the Swiss banking authorities GZ hopes to increase its stake at a later stage.

Kleinwort to advise on St Gobain flotation

By David Housego in Paris

CCF, the large French commercial bank has been chosen by the French Government to advise it on the privatisation of Saint Gobain, the state-owned glass and engineering company, which will be the first group to be put on the stock market under the Government's denationalisation programme.

SOYABEAN MEAL

Table with columns: Soyabean meal price, etc.

Banking syndicate responsible for placing the issue

Banking syndicate responsible for placing the issue.

Euromarkets, it has had a full branch in London since 1980

Euromarkets, it has had a full branch in London since 1980 and last year it acquired a 29 per cent share in Gilbert Elliott and Company, the London stockbroker.

GRAINS

Table with columns: Wheat, Barley, etc.

CHICAGO

Table with columns: Live cattle, Live hogs, etc.

POTATOES

Table with columns: Potato prices, etc.

GAS OIL FUTURES

Table with columns: Gas oil futures prices, etc.

FREIGHT FUTURES

Table with columns: Freight futures prices, etc.

SUGAR

Table with columns: Sugar prices, etc.

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for various companies in New York, including AGS Computers, AMR Corp, and others.

NEW YORK INDICES

Table showing stock market indices such as Dow Jones, S&P 500, and NYSE Composite.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with columns for stock name, price, and change.

CANADA

Table of stock prices for various companies in Canada.

STOCK

Table of stock prices for various companies, including Hall (FB), Merton Thielke, and others.

AUSTRALIA

Table of stock prices for various companies in Australia.

GERMANY

Table of stock prices for various companies in Germany.

FRANCE

Table of stock prices for various companies in France.

NETHERLANDS

Table of stock prices for various companies in the Netherlands.

SWITZERLAND

Table of stock prices for various companies in Switzerland.

WALL STREET

Small gains on bargain hunting

STOCKS MANAGED to settle slightly higher on Wall Street yesterday, after a confusing day of shifts in both directions.

Small gains on bargain hunting

to operate funds on next month's accounts, brokers said.

Small gains on bargain hunting

on a turnover of more than 3m shares. Western Mining was steady at A\$4.40 on turnover of 4.4m shares.

Small gains on bargain hunting

Germany Share prices closed a thin session mostly easier, with some High-Techs bucking the trend.

Small gains on bargain hunting

Australia Australian share markets again closed at record highs in heavy trading.

Small gains on bargain hunting

Japan News that West German year-on-year cost of living fell 0.5 per cent in September had no impact on the market.

CANADA

Table of stock prices for various companies in Canada.

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Table of stock prices for various companies in Canada.

AUSTRIA

Table of stock prices for various companies in Austria.

GERMANY

Table of stock prices for various companies in Germany.

NORWAY

Table of stock prices for various companies in Norway.

AUSTRALIA (continued)

Table of stock prices for various companies in Australia.

JAPAN (continued)

Table of stock prices for various companies in Japan.

JAPAN (continued)

Table of stock prices for various companies in Japan.

GERMANY

Table of stock prices for various companies in Germany.

NETHERLANDS

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CURRENCIES & MONEY

LONDON STOCK EXCHANGE

Interest rate fears again trouble markets

FOREIGN EXCHANGES

Pound steady but uneasy

TRADING VIRTUALLY ground to a halt in currency markets yesterday ahead of the meeting of finance ministers in Washington.

effectively accelerated a decline that had started nearly three months ago.

shown the eroding effect this had had on German trade figures, and Mr Karl Otto Pöschl, Bundesbank president, may have gone to the meeting ready to offer another cut in the West German discount rate.

STERLING INDEX

Table showing Sterling Index values for various dates and times.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing POUND SPOT - FORWARD AGAINST THE POUND with columns for Date, Close, One month, Three months, and %.

CURRENCY RATES

Table showing CURRENCY RATES for various countries like US Dollar, Swiss Franc, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing DOLLAR SPOT - FORWARD AGAINST THE DOLLAR with columns for Date, Close, One month, Three months, and %.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES for various terms and currencies.

OTHER CURRENCIES

Table showing OTHER CURRENCIES like Argentine, Australian, etc.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES for various currency pairs.

MONEY MARKETS

Nervous trading in London

TRADING WAS extremely nervous in the London money market yesterday following Thursday's fall in sterling's value to a record low.

UK lending bank base lending rate 10 per cent since May 22

after were taken up at the minimum accepted bid of 297.500m compared with 297.500m the previous week.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING for various currencies.

MONEY RATES

Table showing MONEY RATES for various terms and currencies.

NEW YORK

Table showing NEW YORK market data.

LONDON MONEY RATES

Table showing LONDON MONEY RATES for various terms and currencies.

Account Dealing Dates

Table showing Account Dealing Dates for various months.

A troubled London stock market was looking anxiously westwards for some new initiative to stabilise world currencies which would help relieve the increasing pressures for higher UK interest rates.

FINANCIAL TIMES STOCK INDICES

Table showing FINANCIAL TIMES STOCK INDICES for various sectors like Government Secs, Fixed Interest, etc.

Day's High 1241.5, Day's Low 1227.0

London Report and Last Share Index Tel. 01-246 8026

after-hours' announcement of an agreed 180p per share cash offer from PKBanken, one of Sweden's largest banks.

Stoves finished a thoroughly depressing Account in volatile mood. Quotations were marked lower throughout the session.

Blue Circle passed another assembly in the building sector, easing a record 546p at the outset on continuing fears of cheap Greek cement imports.

English Trust jump. English Trust provided an isolated firm feature in otherwise flat banking sector.

LONDON TRADED OPTIONS

Large table showing LONDON TRADED OPTIONS for various stocks and options.

the latter offer from Norton Opax, advanced to 250p, a net gain of 18, following news that talks are in progress with a third party.

Interest in Advertising Agencies centred on Seatchi and Seatchi which opened sharply lower at 680p before closing 20 down on last week's close.

Dealing resumed in Industrial Finance and Investment following the rights issue and acquisition.

IC Gas at 196 high. Leading oils drifted lower for much of the day but staged a modest rally after-hours.

Secondary issues provided the major features in the Foods sector. Sausages continued to attract speculative support.

Gold shares were marked down sharply at the outset reflecting heavy selling of the day's offerings.

Becham above worst. Most leading miscellaneous industrial rallied from an initial mark down.

Traded Options. Traded Options finished a relatively subdued week on a bright note.

Traditional Options. First Dealings Sept 22 Oct 6 Oct 20. Last Dealings Oct 3 Oct 17 Oct 31.

Stocks favoured for the call included Bejan, North Kalurgi, Pentland, Richardson, Westgarth, Prestwick, Apricot Computers, Amber Day, Pict Petroleum, Polly Peck, Ashley Industrial, Dewey Warren, Armour Trust, Britoil, Bridon, Amersham International, Bristol Oil and Minerals, East Sand Consolidated, Amstrad, Buckleys Brewery, Spargos and Brown Shipley.

United Newspapers, strongly supported on Thursday following the better-than-expected mid-term statement.

McCorquodale, down to 260p initially on consideration of the company's resolute rejection of

the latter offer from Norton Opax, advanced to 250p, a net gain of 18, following news that talks are in progress with a third party.

the latter offer from Norton Opax, advanced to 250p, a net gain of 18, following news that talks are in progress with a third party.

LONDON STOCK EXCHANGE

THURSDAY'S ACTIVE STOCKS
Table with columns: Stock, No. of Shares, Daily Change, Price, etc.

5-DAY ACTIVE STOCKS
Table with columns: Stock, No. of Shares, Last, Change, etc.

YESTERDAY'S ACTIVE STOCKS
Table with columns: Stock, Price, Change, etc.

NEW HIGHS AND LOWS FOR 1996
Table listing new highs and lows for various sectors like Oil, Chemicals, etc.

LEADERS AND LAGGARDS
Table showing percentage changes in leading and lagging stocks.

RISES AND FALLS YESTERDAY
Table showing percentage changes in rising and falling stocks.

DEALINGS

Details of business done on the exchange, including transactions for various companies and sectors.

WATERWORKS
Table listing waterworks companies and their stock prices.

INSURANCE
Table listing insurance companies and their stock prices.

INVESTMENT TRUSTS
Table listing investment trusts and their stock prices.

Q-R-S
Table listing companies in the Q-R-S range of the alphabetical index.

T-U-V
Table listing companies in the T-U-V range of the alphabetical index.

W-Y-Z
Table listing companies in the W-Y-Z range of the alphabetical index.

FINANCIAL TRUSTS

Details of business done on the exchange, including transactions for various companies and sectors.

MINES-SOUTH AFRICA
Table listing mining companies from South Africa and their stock prices.

PROPERTY
Table listing property-related companies and their stock prices.

UNLISTED SECURITIES MARKET
Table listing unlisted securities and their prices.

RULE 534 (a)
Table listing companies under Rule 534(a) and their stock prices.

PLANTATIONS
Table listing plantation companies and their stock prices.

RAILWAYS
Table listing railway companies and their stock prices.

SHIPPING

Details of business done on the exchange, including transactions for various companies and sectors.

UTILITIES
Table listing utility companies and their stock prices.

TELECOM
Table listing telecommunications companies and their stock prices.

TECHNOLOGY
Table listing technology companies and their stock prices.

FINANCIAL SERVICES
Table listing financial services companies and their stock prices.

INDUSTRIALS
Table listing industrial companies and their stock prices.

AGRI-FOOD
Table listing agri-food companies and their stock prices.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries. Table listing various indices and their values.

FIXED INTEREST
Table listing fixed interest investments and their yields.

Equity section of group, Base value, etc. Table listing equity sections and their values.

Additional text and advertisements on the right side of the page.

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LONDON RECENT ISSUES

Table of recent issues with columns for Name, Price, and other financial metrics.

Table of fixed interest stocks with columns for Name, Price, and other financial metrics.

Table of rights offers with columns for Name, Price, and other financial metrics.

Remuneration table usually last day for standing day of stamp duty, a formalized dividend, & Finance based on prospectus information.

FINANCIAL TIMES SURVEY. The Financial Times proposes to publish an EXPORT SERVICES SURVEY on November 17, 1966. The following subjects will be covered: 1. Introduction, 2. Government Support, 3. The Private Sector, 4. The Language Problem, 5. Trade Fairs and Exhibitions.

Table of European options exchange with columns for Series, Vol., and other financial metrics.

Table of bank return with columns for Name, Price, and other financial metrics.

Table of bank return with columns for Name, Price, and other financial metrics.

AUTHORISED UNIT TRUSTS

Table of authorized unit trusts with columns for Name, Price, and other financial metrics.

FT UNIT TRUST INFORMATION SERVICE

Table of FT unit trust information service with columns for Name, Price, and other financial metrics.

Scottish Unit Managers

Table of Scottish unit managers with columns for Name, Price, and other financial metrics.

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (UK) (C)
23 Charlotte St, Edinburgh
City of Edinburgh Life Assurance
46 Charlotte St, Edinburgh

Equitable Life Assurance Society
100 Strand, London WC2R 0DU
City of Westminster Assurance
200 Strand, London WC2R 0DU

Three Grosvenor Gardens
London SW1W 0EX
National Provident Institution
40 Grosvenor St, London EC2P 3EH

Scottish Life Assurance Co Ltd
222 Buchanan Lane, Glasgow
Scottish Widows' Group
70 St Andrew Square, Edinburgh

INSURANCES

AA Friendly Society
Government Mt & G & W Mt Ltd
222-223-224
Abbey Life Assurance Co Ltd
80 Holborn Viaduct, London EC1A 1JF

Family Assurance Society
27 New St, London EC2A 3EJ
Fidelity Mutual Investments Ltd
20 Ladbroke Grove, London W2 2DU

Imperial Life Assurance Co of Canada
London House, London EC1A 1JF
Imperial Life (UK) Ltd
London House, London EC1A 1JF

Scottish Equitable Life Assurance Co
28 St Andrew Square, Edinburgh
Scottish Life Investments
19 St Andrew Square, Edinburgh

Acton Life Assurance Co Ltd
401 St John St, London EC1M 4AE
Allied Dunbar Assurance Plc
25 Abchurch Lane, London EC4N 3DF

General Accident Limited Life Assurance Co
202 Abchurch Lane, London EC4N 3DF
The LAS Group
30 George St, London EC2A 4JF

Imperial Investment Holdings
100 Strand, London WC2R 0DU
Imperial Life Assurance Co of Canada
London House, London EC1A 1JF

Scottish Widows' Group
70 St Andrew Square, Edinburgh
Scottish Life Investments
19 St Andrew Square, Edinburgh

Amicable Life Assurance Co Ltd
25 Abchurch Lane, London EC4N 3DF
American Life Assurance Co UK
25 Abchurch Lane, London EC4N 3DF

Amicable General Life Insurance Plc
25 Abchurch Lane, London EC4N 3DF
Amicable Life Assurance Co Ltd
25 Abchurch Lane, London EC4N 3DF

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Amicable Life Assurance Co Ltd
25 Abchurch Lane, London EC4N 3DF

Black Horse Life Assurance Co Ltd
25 Abchurch Lane, London EC4N 3DF
British National Life Assurance Co Ltd
25 Abchurch Lane, London EC4N 3DF

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British National Life Assurance Co Ltd
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Canada Life Group
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Cannock Assurance Ltd
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Centenary Assurance Plc
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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

Table listing various money funds, including company names, fund names, and numerical values.

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Table listing various money funds, including company names, fund names, and numerical values.

MANAGEMENT SERVICES

Table listing management services, including company names and numerical values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas fund products, including company names, fund names, and numerical values.

Money Market Trust Funds

Table listing money market trust funds, including company names, fund names, and numerical values.

Money Market Bank Accounts

Table listing money market bank accounts, including company names, fund names, and numerical values.

NOTES

Textual notes and disclaimers regarding the fund information provided.

TRADITIONAL OPTIONS

Table listing traditional options, including company names, fund names, and numerical values.

3-month call rates

Table listing 3-month call rates, including company names, fund names, and numerical values.

Notes

Additional notes and disclaimers at the bottom right of the page.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, and % Chg. Includes sub-sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'CANADIANS' and 'BANKS, NP & LEASING'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'BANKS, NP & LEASING' and 'COMMONWEALTH & AFRICAN LOANS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'COMMONWEALTH & AFRICAN LOANS' and 'LOANS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'LOANS' and 'PUBLIC BOARD AND IND. FINANCIAL'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'PUBLIC BOARD AND IND. FINANCIAL' and 'FOREIGN BONDS & RAILS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'FOREIGN BONDS & RAILS' and 'AMERICANS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'AMERICANS' and 'BUILDING, TIMBER, ROADS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'BUILDING, TIMBER, ROADS' and 'BEERS, WINES & SPIRITS'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'BEERS, WINES & SPIRITS' and 'WIRE PURCHASE, LEASING, ETC.'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'WIRE PURCHASE, LEASING, ETC.' and 'AMERICANS'.

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AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, and % Chg. Includes sub-sections for 'WIRE PURCHASE, LEASING, ETC.' and 'AMERICANS'.

LONDON SHARE SERVICE

Main section of the London Share Service, containing multiple columns of stock data for various sectors including Building, Timber, Roads, Drapery & Stores, Electricals, Chemicals, Plastics, and more.

ENGINEERING - Continued

Table of Engineering stocks with columns for Stock, Price, and % Chg.

INDUSTRIALS

Table of Industrial stocks with columns for Stock, Price, and % Chg.

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INDUSTRIAL - Continued

Table of Industrial stocks including companies like General Electric, Westinghouse, and various utility companies. Columns include stock name, price, and other financial metrics.

LEISURE - Continued

Table of Leisure stocks including companies like Radio Shack, Leisure World, and various entertainment-related firms.

PROPERTY - Continued

Table of Property stocks including real estate investment trusts and companies like American International Realty.

INVESTMENT TRUSTS - Cont.

Table of Investment Trusts including various mutual funds and trusts like Fidelity Investments and American Mutual.

FINANCE, LAND - Cont.

Table of Finance and Land stocks including banks, insurance companies, and land trusts.

MINES - Continued

Table of Mines stocks including various mining companies like American Cyanamid and various metal mines.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including companies like Ford Motor and Boeing.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including companies like Time Inc. and Scribner.

SHIPPING

Table of Shipping stocks including companies like American Shipbuilding and various shipping lines.

SOOTH AFRICANS

Table of South African stocks including companies like Anglo American and various mining firms.

OVERSEAS TRADERS

Table of Overseas Traders stocks including companies like International Trade Mart and various international trading firms.

PLANTATIONS

Table of Plantations stocks including companies like United Fruit and various plantation firms.

INSURANCES

Table of Insurance stocks including companies like American International Insurance and various insurance firms.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, and Advertising stocks including companies like International Paper and various publishing firms.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like Goodyear and various shoe manufacturers.

TEXTILES

Table of Textiles stocks including companies like American Textile Manufacturers and various textile firms.

TOBACCO

Table of Tobacco stocks including companies like American Tobacco and various tobacco firms.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including various trusts and financial institutions.

LEISURE

Table of Leisure stocks including various entertainment and leisure-related companies.

PROPERTY

Table of Property stocks including real estate investment trusts and companies.

INVESTMENT TRUSTS

Table of Investment Trusts including various mutual funds and trusts.

FINANCE, LAND, etc.

Table of Finance, Land, and other stocks including various financial and land-related firms.

MINES

Table of Mines stocks including various mining companies.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including various regional and Irish companies.

Notes and footnotes providing additional information, disclaimers, and details about the data presented in the tables.

Result of TSB count postponed

BY RICHARD TOMKINS AND FRONA THOMPSON

THE Trustee Savings Bank yesterday unexpectedly postponed the announcement of the level of response to its £1.5bn offer for sale...

About 4.25m applications are thought to be chasing the shares and Sir John Head, the TSB chairman, indicated earlier this week...

likely in addition to a ballot. TSB board members and Sazards were due to meet last night to decide on the allocation of shares...

Computer may guide London drivers

By John Griffiths

DRIVERS in London in the 1990s could be saved of their best routes by vehicle-borne computers receiving signals from electronic beacons at main junctions...

He was urging the private sector to help develop and make Autoguide, a system already brought to an advanced stage by the Transport and Road Research Laboratory...

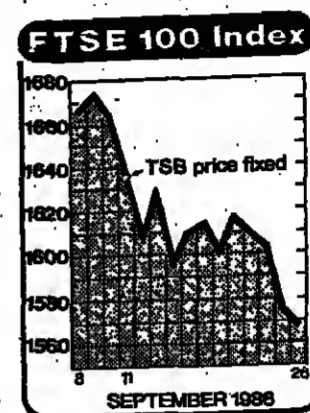
A computer, costing £100 to £150, is mounted in a vehicle and the driver tells it the destination. The computer offers simple instructions during the journey - by visual display, synthetic speech or both.

The Department estimates the cost of such a system in an area covering London out to the M25 and its immediate approaches, at about £15m to £20m, plus annual running costs of £2m to £3m.

THE LEX COLUMN

Feeding the five million

Index fell 3.9 to 1238.4



If there is one thing that the TSB issue has proved it is that it is impossible to target a share at a set of investors. That was the aim of TSB's financial advisers...

Since a share register of 3m appears to be the most that can be handled administratively, a ballot is inevitable. That will probably be a relief to the institutional applicants...

The grey marketeers have been quoting prices which may not bear much relation to a considered view of TSB's merits. At the often mentioned figure of 100p for the 50p partly paid shares, TSB would be on a prospective multiple of over 11, which is clearly doty for a UK bank...

able of the pathfinder yesterday. Eurotunnel has confidently pencilled in distributable profits of £7.24bn for the year ending December 31, 2041.

It is hard to know what even City institutions, with liabilities decades away, can make of this millenarian stuff. The average insurance company must find it hard to judge whether Channel traffic will grow at 4 per cent a year...

It may be the gilt-edged market that has the last word. Yields on long-dated gilts have been creeping up since equity prices were first debated at midsummer...

Market

With the expensive Big Bang infrastructure only just installed ('it not actually running smoothly') it would be a brave dealer who stands up and calls the end of the bull market. But when the All-Spares came within a whisker yesterday afternoon of breaking the 200-day moving average...

Channel Tunnel

The coalition of ferry operators and port authorities that opposes the Channel Tunnel project yesterday stole a march on the promoters of the scheme. Having chosen to stage their presentations at exactly the same moment, Flexlink (as the ants are called) managed to produce a document prophesying financial disaster...

Elders

For anybody interested in the prosperity of Elders IXL, the best analytical tool is not the electronic calculator but a mirror, or several of them. Yesterday's figures from Melbourne show consolidated net income for the year to June up

Bertelsmann buys Doubleday for \$475m

BY ANDREW FISHER IN FRANKFURT AND WILLIAM HALL IN NEW YORK

BERTELSMANN, the West German media group, is buying one of the US's best-known publishers, Doubleday, in a deal worth around \$475m (£380m) which will make it America's second biggest publishing group...

Mr Doubleday, chairman and controlling shareholder of the company, said the sale was an opportunity for all shareholders to realise significant value in their investment.

Bertelsmann already owns Bantam Books in the US, where its results have benefited from the rapid sale of the autobiography of Mr Lee Iacocca and similar sales of Mr Henry Kissinger's memoirs.

When Doubleday bought control of the Mets in 1980 the team was losing money and struggling along at the bottom of the league.

Mr Doubleday transformed the team and boosted attendance at the Mets' Shea Stadium from 700,000 a year to about 3m in the current season, which has seen the team win the National League's Eastern Division Championship.

Mr Doubleday, 53, is descended from Mr Abner Doubleday, the man many say invented the game of baseball, and his baseball team appears to have been far more successful than his book publishing operations in recent years.

Continued from Page 1 Interest

In the foreign exchange markets on three consecutive days this week. Currency trading yesterday, however, was quiet as the finance minister and central bank governors of the leading industrial countries gathered in Washington for talks centred round the annual meetings of the International Monetary Fund and the World Bank.

Some Alliance strategists believe that the shock of what has undoubtedly been a damaging week will eventually have a beneficial effect by imposing self-discipline, though others are more fearful about a fall

Fresh bid for McCorquodale possible

BY DAVID GOODHART

MCCORQUODALE, the printing and publishing company facing a hostile £143m bid from the markedly smaller Norton Opax printing group, said yesterday it was in discussion with a third party which could lead to a higher takeover offer.

Some Alliance strategists believe that the shock of what has undoubtedly been a damaging week will eventually have a beneficial effect by imposing self-discipline, though others are more fearful about a fall

This surprise move - which almost certainly rules out McCorquodale's continued independence - came after Norton Opax had yesterday morning increased its stake in McCorquodale from just over 2 per cent to just under 13 per cent, buying in the cash alternative with a price of 260p.

Some Alliance strategists believe that the shock of what has undoubtedly been a damaging week will eventually have a beneficial effect by imposing self-discipline, though others are more fearful about a fall

Mr John Holloran, McCorquodale's chief executive, said yesterday: "We have always said that we were prepared to hold discussions with any high-quality company. We have a sound strategy and a first-rate future."

Mr Steel yesterday firmly aligned himself with the SDP in arguing that people would not support the Alliance in a calling for the cancellation of Trident "unless we are prepared to retain a minimum deterrent capacity no higher than the present Polaris force."

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

WORLDWIDE WEATHER

Table with columns for location, temperature, and weather conditions across various global cities.

Nigerian currency suffers 66% fall

BY MICHAEL HOLMAN, AFRICA EDITOR

NIGERIA yesterday conducted its first foreign-exchange auction, a key element in the Government's economic recovery programme. It led to an effective 66 per cent devaluation of the naira against the dollar.

Hard currency for the weekly auction will be made available by the Government, which will set aside a proportion of export earnings. Aid donors, notably the World Bank, will also contribute.

Under the system, introduced after discussions with the World Bank and the International Monetary Fund this year, available hard currency will be "auctioned" by the central bank each week.

What is known as the second-tier rate will be determined by the bids submitted by commercial banks, while the first-tier rate, set by the central bank, will be used for debt service commitments. Imports and other transactions will be paid for at the second-tier value of the naira.

Continued from Page 1

Whether an agreement can now be reached remains unclear, however. For it is a highly sensitive political issue in Nigeria. In a nationwide debate conducted by the Government last year, opposition to an IMF deal was overwhelming, partly reflecting the antagonism towards the fund in Africa as a whole, as well as the public's fear that extra funds from the IMF would be amandered.

Many observers still believe there may be a middle way, with Nigeria winning the fund's sanction for an economic rehabilitation programme, which began in January. That would satisfy banks about government intentions, but need not antagonise the Nigerian public. Under such a middle way, the Government would not take the IMF loan but would have been seen to have adopted measures that the fund had, in consultation with government officials, recommended as necessary.

Wardley Unit Trusts advertisement featuring a large headline 'DON'T MISS OUT ON THE PHENOMENAL GROWTH OF WARDLEY UNIT TRUSTS', sub-headings for Japan, European, and International Growth, and a detailed form for requesting more information.

July, in bits

# WEEKEND FT

Saturday September 27 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Phantom faces the music

Michael Coveney reports on the new stage work by Andrew Lloyd Webber, previews of which open in London next week.

AS THE AUDIENCE rolls up for the first public preview of *The Phantom of the Opera* at Her Majesty's Theatre in London, the producers of Andrew Lloyd Webber's new musical will have much on their minds. Will the special effects, of which there are many, come off; will the sound levels be correct; will the audience like what it sees?

of innovative youth. Most of the lyrics are the work of the entirely unknown Charles Hart (a 25-year-old grandson of Angela Baddeley and Glen Byam Shaw whom Mackintosh and Lloyd Webber discovered while judging a music competition), the designs and costumes by Maria Bjornson who, despite an impressive opera and subsidised theatre record, has never before featured in a big commercial undertaking.

ation by Hart, and Steve Harley. Harley, former lead singer with Cockney Rebel, appeared in the Ken Russell promotional video along with Sarah Brightman, and is on record as being assured, or led to believe, that the part of the Phantom was his. He auditioned for Lloyd Webber and Prince but was never offered the stage role. The surprise casting announced at the end of May was Michael Crawford, a middle-of-the-road box office attraction that snatched of safe tactics until one reflected upon his extraordinary vocal feats as both boy soprano and charismatic star of *Billy* and *Bornum*. More crucially, Crawford is an obsessive stuntsman and could compete with the Phantom's masked identity by reminding us of his reputation in *Leroux* as the world's greatest ventriloquist, the prince of conjurers and—with his Punjab lassoo trick—the king of stranglers. Mackintosh and Lloyd Webber engaged Paul Daniels to advise on magic and special effects.



his acceptance of a place on the Really Useful board. Are they already thinking two shows a night, Harry? Are you the real Phantom?

working here on your own at night, I can tell you. On your own, Harry? Are you the real Phantom?

who they are. When the sound man speaks, no one can hear him. Ned, a mike. Crawford mumbles his name and resumes a foetal position in the front row. The dancers speak out confidently. Prince is tamed, spectacles characteristically balanced on forehead, safari-suited, rested from a month's uninterrupted lounging at his Marbella hideaway. He says *Phantom* is about the sexual fry of freaks, quoting Gauguin and Auden on the impotent murderer myth.

### The Long View

## Spooked by the memories of 1976

IT WOULD have made a rousing speech. "I stand before you, fellow Conservatives, on the tenth anniversary of economic shame—the day Denis Healey had to turn back on the steps of the aeroplane taking him to the IMF annual meeting in order to tackle a sterling crisis at home. Now, after a term and a half of sound Conservative financial management..." and so on.

The August trade figures certainly were bad but, says Anthony Harris, the market reaction looks overdone. The details show some quite fair export trends and an import boom that looks likely to fade.



Part of the story is quite reassuring. There was a sharp jump in imports of partly processed goods for Britain's factories and, oddly enough, of oil. Both of these obviously reflect hedging against rising prices. Sterling was going down, the D-mark and the yen were going up, and Opec was trying to get its act together. These were clear signals for a little temporary stockpiling.

It is the bulls who should be worrying about trade sterling; bears can confine their worries to the stock market and remember that even a flat market can have a silver lining.

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The Foreign & Colonial Reserve Asset Fund is an ideal vehicle for the international investor, offering a comprehensive choice of cash, bond and equity funds with good liquidity. With near to \$75 million already invested in eleven different funds, Foreign & Colonial Reserve Asset Fund Limited is incorporated in Jersey and listed on The London Stock Exchange.

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Please send me the Foreign & Colonial Reserve Asset Fund Limited Prospectus.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
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**Foreign & Colonial MANAGEMENT GROUP**

Issued by Foreign & Colonial Management Limited—Licensed Dealer in Securities. Form origins in 1966, it today advises funds of approximately US\$ 2.5 billion.

Sterling's slump sets tone for gloomy week

THE WEAKNESS of sterling and mounting fears of a rise in British bank base rates have dominated the London equity market this week...

Barrett Developments' one of Britain's top three house-builders, which last year saw profits plummet to just £4.1m...

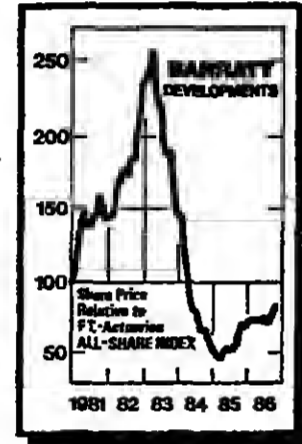
London

and placing more emphasis on houses for the affluent in the affluent South East...

To some extent the pound is a victim caught in the middle of the dispute between the US and West Germany over appropriate interest and currency rates...

However, there were also more domestic reasons for sterling's decline this week, notably a weakening of oil prices...

The recovery should still have some way to run—Sir Lawrence Barrett, the chairman, says the full benefit of its more upmarket range...



All this, coupled with market concern over the next set of money supply figures, is increasing fears that base rates might have to rise...

Thus, the yield on gilts has continued to rise this week—the FT-A high coupon long dated index was up to 10.34%

So the FT-SE 100 index, which ended the previous week at 1,874.4 closed last night down at 1,583.6.

Despite the overall tone, the week did see some brighter news from individual companies, several of the concentrated in the building and construction materials sector.

One of the most interesting stories was the turnaround at Trouble at the top for Inchcape

THE ABRUPT departure this week of INCHCAPE's finance director, Peter Lumsden, is not the most promising...

Analysis are forecasting pre-tax profits between £33m and £35m. The more optimistic suggest that Singapore and Hong Kong are recovering well...

Ministers have kept silent about their intentions, not least because they appear to be divided among themselves...

The Gutman enquiry, which investigated the issue and presented a confidential report to the Government, is thought to have backed the introduction of a tax.

The mining companies believe themselves that whatever hope they had of avoiding the tax has been dashed by the recent rise in gold prices...

James Capel estimates that Australian gold shares now so there is a very healthy profit margin even with gold at \$350 an ounce...

Another highly ambitious gobbler of companies, Siebe, the engineering group—also launched a bid this week...

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Table with columns: Price, Change, 1986 High, 1986 Low. Lists various companies like FT Ordinary Index, FT Govt Secs Index, Barratt Developments, etc.

HIGHLIGHTS OF THE WEEK

Table with columns: Company, Price, Change, 1986 High, 1986 Low. Lists companies like FT Ordinary Index, FT Govt Secs Index, Barratt Developments, etc.

Funeral sector expands

A PUBLICLY-QUOTED undertaker might seem something of an anomaly to those for whom 'funeral director' conjures the Dickensian image of a family firm being banded down...

USM

Acquisitions are crucial to any ambitious undertaker. Thanks to modern medicine's success in keeping old people alive for longer...

ALICE RAWSTHORN

In the UK, everyone is still waiting for Sizewell. The Chernobyl nuclear accident earlier this year will have done nothing to speed any UK government decision.

Table with columns: Company, Value of bid, Market before bid, Price Value, Bidder. Lists companies like Barrie Invs & Fin, Bestobell, Black Leisure, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists companies like Amer Elec Comp, Barratt Dev, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists companies like Aberdeen Cons, Allied Plant, etc.

Table with columns: Company, Announcements, Dividend. Lists companies like A.B. Electronic Products, Ailingworth, etc.

FINAL DIVIDENDS

Table with columns: Company, Announcements, Dividend. Lists companies like A.B. Electronic Products, Ailingworth, etc.

SCRIP ISSUES

Table with columns: Company, Date, Dividend. Lists companies like Armit, Arbutnot Japan Growth Fund, etc.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Table with columns: Company, Offer/Introduction. Lists companies like Great Southern Group, Lawrence, Walter, etc.

RIGHTS ISSUES

Table with columns: Company, Issue. Lists companies like Brent Chemicals, Brown Boveri, etc.

Results due next week

UK market was then severely affected by poor weather and the group also lost market share because its southern headwaters were hit particularly badly.

Australians wait on tax ruling

BOB HAWKE'S Government is keeping the stock market on tenterhooks about its plans for an Australian gold tax.

Mining

course, most probably be negative. But any fall in prices should be limited, for two reasons.

Stefan Wagstyl

Meanwhile, in South Africa the political crisis is continuing to play its part in supporting the gold price.

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# Look for a leader

WITH THE market's temper now almost back to normal, there is nothing unusual in these days of programme trading about a drop of 35 points in the Dow Jones Industrial Average, like the one seen on Thursday—Wall Street has been indulging in some overdue reflection about the structural forces driving the present market cycle.

Among the growing band of dealers who have given up on trying to psychoanalyse the market's love-hate relationship with GNP growth, inflation and other economic statistics, a new concept has become fashionable. In the two weeks since the collapse of September 11, "leadership" has become the buzzword of the moment.

Equities, it is generally agreed, are in the process of "looking for new leadership." And whether this leadership emerges will determine whether September 11 becomes a tiny footnote in the story of the great bull market, or goes down in history as the beginning of a new and serious bear trend.

What the leadership debate means in the simplest terms is that the "disinflation stocks" which have performed most spectacularly in the last four years were precisely the group that took the fiercest beating in this month's shake-out. Food and tobacco manufacturers, retailers, drug companies and intra-sensitive issues, like utilities and banks, have been the leaders of this bull market. But, in retrospect, it appears that they became the laggards in the

early summer.

Tobacco stocks, for example, have been this year's best-performing sector. The Standard and Poors tobacco group has risen 36 per cent, relative to the broad measure of market performance, the S&P 500, since the beginning of this year.

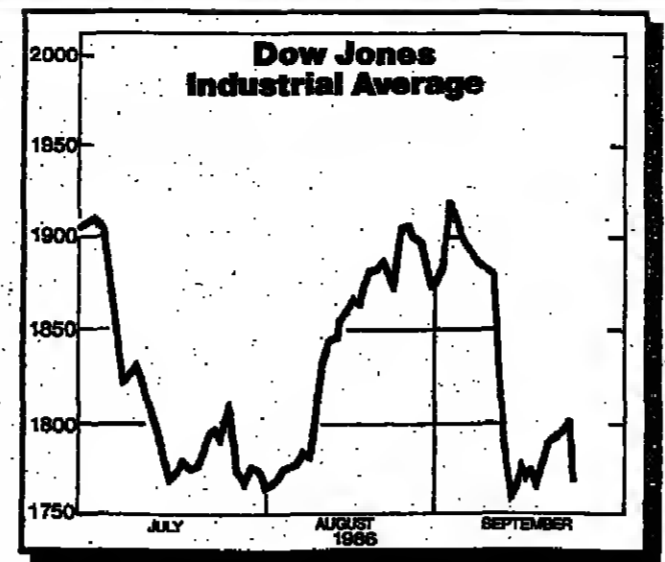
But in the two months since July 3, tobacco stocks have dropped by 12 per cent—double the fall in the S&P 500—and have been among the market's weakest components. Similar stories can be repeated for the clothing manufacturers, food companies,

building materials suppliers, pharmaceutical firms, and retailers.

The sceptics might explain such observations in terms of a very simple notion. What goes up must come down, and the stocks which have risen highest clearly have furthest to fall.

On Wall Street, however, it is not acceptable to dismiss the market's arcane wisdom quite so lightly. Technical analysts particularly have accordingly formed themselves into two opposing parties to begin a debate about leadership.

The optimists are noting that a change in leadership from one set of industries to another is an event which provokes serious economic turbulence. Invariably it is accompanied by a market upheaval—but it usually lays the foundations for a new upsurge in stock prices.



## Spain hits the 'double'

FEELING CHIRPY after their summer holidays, Spanish investors finally nudged the Madrid stock market index up past "the double" at the beginning of this month. At the start of every year, the index is re-based at 100, and never before had it crossed the magical frontier of 200.

In just over eight months, prices had doubled and, in some cases, tripled. In dollar terms, Madrid had become the best performer among the world's recognised exchanges. After two strong years, some began to wonder if it had not over-reached itself.

Profit-taking has since taken the index back down a few points, but the market is resisting a bigger fall. Since the last peak—April 1974, slap in the middle of an oil crisis—the Bolsa has become in many ways a more serious place. After the June general election, which ensured continuity for the moderate, monetarist Socialist Government, nothing seems likely to prevent this year from going down as the best ever, in spite of recent worries on the inflation front.

The resurrection of Spanish stocks has awakened new interest, both abroad and at home. Foreign institutional investors, encouraged by EEC member-



ship, have become a big force in the market, but in the end it was domestic demand that pushed it—momentarily—over the 200 barrier.

In a way that would have been unimaginable a few years ago, but the fortunes of the market have penetrated into the ordinary Spaniard's field of vision. Two national newspapers are locked in a tooth-and-nail legal battle over the rights for stock-market games.

Although still small by world standards, the volume of share purchases from January to August, at Pta 1,300bn (\$10bn), was well over twice the whole of last year's, more than four times 1985, and almost ten times 1984. Foreign purchases of Pta 194bn were led by Britain, which accounted for more than a third, including some US funds channelled for tax reasons via the UK. More trans-Atlantic investment is anticipated in the coming months.

Net foreign investment on the Madrid market was over Pta 70bn in the eight-month period, compared with Pta 50bn in the whole of 1985 and less than Pta 13bn in 1983.

Falling interest rates have helped to keep stock prices up, reducing the profitability of treasury and other bonds and luring small investors onto the equity market. Low interest also means a better profit outlook for many debt-laden Spanish companies.

A further upward push is expected from the setting-up of pension funds under new legislation due to be passed by Parliament. These will take several years to become a sizeable force; indeed, a study by Banca de Bilbao suggests that foreign pension funds may have more effect on the market than Spanish ones. But other experts see them having an important psychological impact, backed up by the influence of Spain's growing insurance business.

One of the things this market lacks is long-term suppliers

### Wall Street

To quote Thom Brown, chairman of the investment policy committee at Butcher and Singer: "Industry groups that were forging ahead have been battered. But, if the Dow stabilises in the 1720 to 1780 area, the change in leadership will be a healthy development, implying that investors with cooler heads have re-entered the field and are seeking out the better values." Instead of bidding up the stocks which are already precariously high.

But there is a gloomier interpretation of the leadership question. Perhaps what the market's losses are telling us is not so much that leadership is changing, but that leadership has collapsed. The technical department of Bear Stearns put the point forcefully in their recent market letter.

The market's peak in early September had a fatal flaw, they

argue. "The energy and other groups that were the long-term losers of this bull market were being relied upon to prop up a very weakened internal structure, as the bull market backbone of consumer, media, service and infrastructure issues slipped badly and then went into full-scale rout.

A real change of leadership has not yet occurred, first because the shake-out has not gone nearly far enough. But secondly, Bear Stearns points out, the optimists are confused by viewing natural resources as cyclical stocks. The oils and natural resources were being bought as inflation hedges, not as recovery stocks. Meanwhile, the widely predicted strengthening of capital goods and other non-inflationary cyclical industries has hardly got off the ground.

The consequences of this "collapse of leadership" scenario are nasty. With no

core sectors to keep the market rising, there is only one thing which could initiate a new long-term uptrend.

There would have to be a thorough purge, involving a plunge in the Dow, a heavy dose of bad news, for instance a banking crisis, and an apparently total collapse of confidence. Only after a thorough shake-out of this kind, like the ones seen in 1982 or 1974, could a sustained bull market resume.

Everyone is agreed, it seems, that the market will go bigger sooner or later. The question is whether more investors will have to lose their shirts first.

MONDAY	1793.45 + 30.80
TUESDAY	1797.81 + 4.36
WEDNESDAY	1803.29 + 5.48
THURSDAY	1788.56 - 34.73

Anatole Kaletsky

## Trading takes off as prices soar

SINCE LAST month, it has been possible to find people in the commodity fraternity pointing to signs that an end is in sight to the market's most prolonged period of dullness in living memory, and that inflation fears might once again be prompting people to turn to tangible assets as they did in the 1970s.

Platinum was leading the other precious metals to heights not seen for between three and five years. The coffee market was on the boil, experiencing a renewed influx of speculative funds. Cocoa futures—which had been weighed down for many months by the prospect of a growing structural surplus in coming years—were rising strongly. Even poor old copper, which had been in the doldrums for most of this decade in response to persistent over-capacity, and which plummeted four-year lows in the summer, was beginning to perk up—partly as a result of spill-over buying from gold and platinum in the New York

futures pits.

Some brokers, particularly in the US, have seized on these developments as a long-awaited chance to try to entice private investors, who have tended to neglect commodities in favour of financial assets in recent years, back to the markets.

Hope springs eternal. Those investors who climbed onto the precious metal roller-coaster will not have been disappointed. Gold has dropped back from its peaks—trading this week in a range around \$430 an ounce—but it remains well-supported at levels which many traders were not even dreaming of earlier this year. More volatile markets like platinum and silver remain vulnerable to big price swings, but some traders in platinum futures on the New York Mercantile Exchange are finding

these a source of rich pickings. Interestingly, gold seems increasingly immune to setbacks in platinum, suggesting that it has an inflation-hedged life of its own.

Coffee futures, too, remain an attractive vehicle for the

But many analysts believe that the recent rally has a long way still to go as supplies get increasingly tight towards the end of the year.

Elsewhere, the picture has been rather more mixed as fundamental supply and demand factors have once again reared their heads and the vagaries of currency movements have taken their toll.

Cocoa futures tumbled this week as the market took its eyes off the chances of a lower crop in the Ivory Coast, the world's biggest producer. Sugar futures are still deeply depressed, drifting steadily down towards the start of depths last seen in mid-1985.

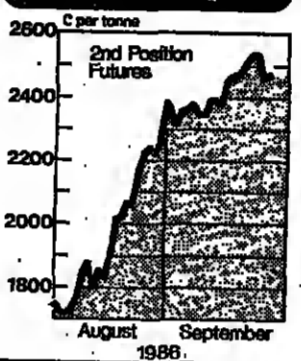
Copper prices appear to have lost their momentum again both on New York's Comex and on the London Metal Exchange. That metal's place in

the limelight this week has been stolen by nickel, which broke its six-month downward trend and rose by more than \$180 a tonne in the four trading days up to Wednesday of this week.

The Chicago grain futures markets are, broadly speaking, in a state of torpor, transfixed by the massive stocks being further swelled by this year's US harvest. Cotton futures in New York remain surprisingly strong by recent standards, given the persistent oversupply in that market. But analysts attribute that more to a technical reaction in a market which had become heavily oversold and to a release of long pent-up demand for US cotton, than to any fundamentally bullish sentiment.

In short, the fundamentals

### COFFEE



seem to hold the upper hand in these markets over any less tangible factors like fear of monetary instability (although gold may well be a different matter). It will take more than the swallows of this August to make a real summer.

Andrew Gowers

### Madrid

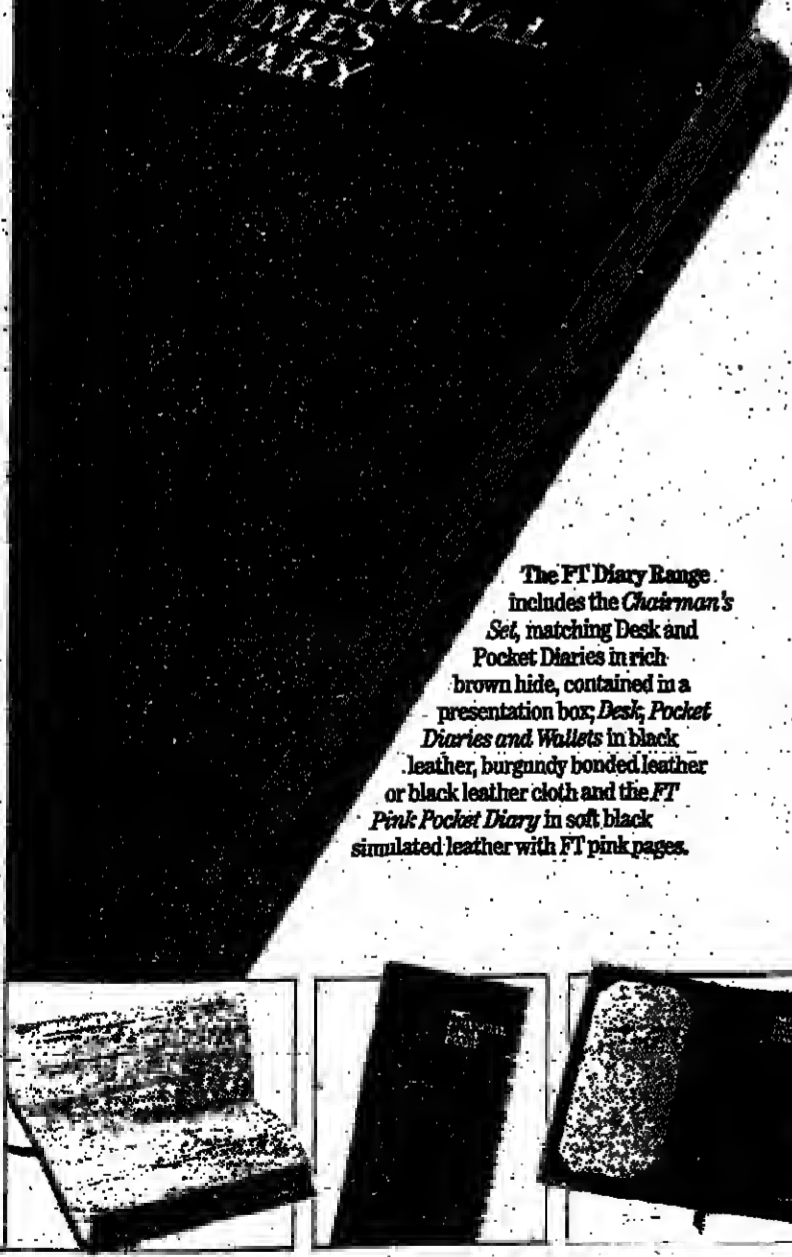
the market is due to start by the end of the year, admitting companies with capital as low as Pta 25m. The entry conditions are due to be considerably more flexible than in the first project of this kind, launched in Barcelona four years ago with a resounding lack of success.

Also by the end of the year, the market is hoping to move away from its system of fixed pricing sessions. A computerised link-up will allow continuous trading in 19 major stocks throughout the afternoon if final government approval is granted. There is also talk of admitting foreign stocks to the market, although this might be limited to specific authorisation for companies that plan to reinvest the funds they raise in Spain.

A lobby was building up earlier in the year for new investor opportunities as a safety-valve to absorb buying pressure and avoid exaggerated price rises. The Bank of Spain was worried that the market might get grossly distorted, but the pressure these days is not what it was. Although the mood is still optimistic, the wild period appears to be over.

David White

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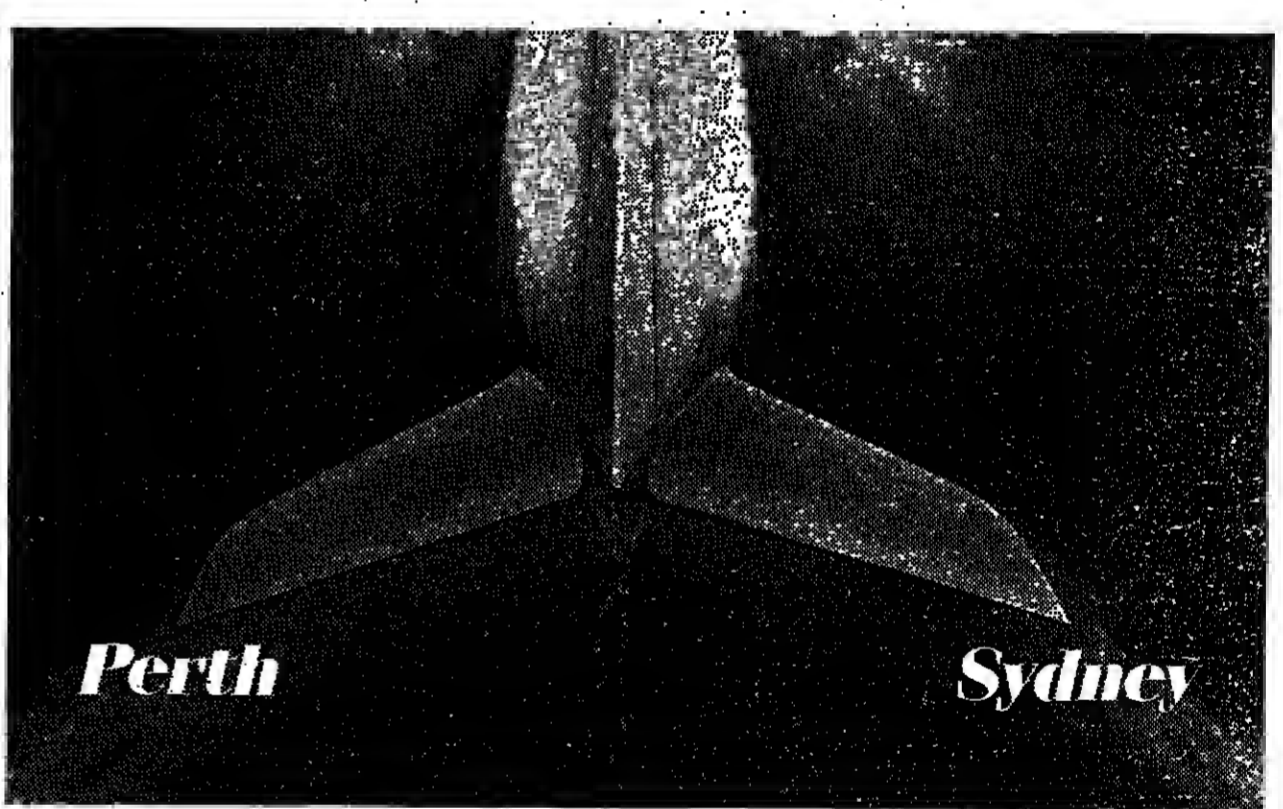
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For further information contact your nearest New South Wales Government Office: London (01) 839 6651, Los Angeles (213) 552 9566, Tokyo (3) 214 2066, Fremantle\* (09) 430 5087, Sydney (02) 250 6666.

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FT READERS GREAT INVESTMENT RACE

I wish to enter the FT-Readers Great Investment Race and enclose entry fee of £10 (cheque or postal order made payable to Charity Projects).

Form with fields for Name, Address, and a table for 'Enter number of Stocks chosen totalling £35,000 in units of £7,000' with columns for 1st to 5th choice and an estimate of FT SE 100 Index on 23/9/87.

The Great Investment Race

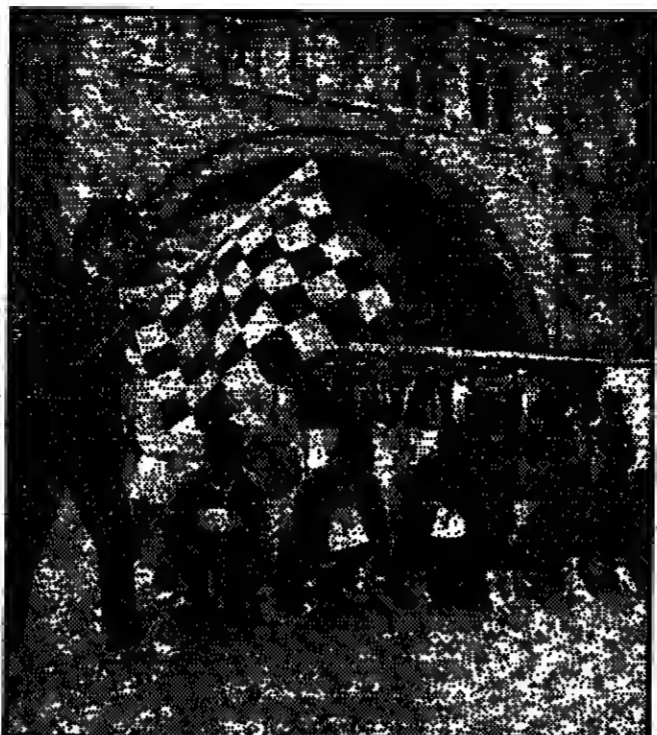
FT-SE 100 Companies - with prices as quoted in September 24 issue of The Financial Times

- List of FT-SE 100 companies including ASDA-MFI (154), Allied-Lyons (305), Anglo Group (337), Aspac British Foods (312), BAT Ind. (440), BET (388), BICC (248), BOC (316), BPB Ind. (483), BTR (300), Barclays (488), Bass (723), Baxters (405), Blue Circle Ind. (566), Boots (221), Brit. & Commonwealth Shipping (235), British Aerospace (436), British Petroleum (670), B.P.C.C. (275), British Telecom (186), British (125), Brunel (362), Burton (302), Cable & Wireless (305), Cadbury Schweppes (177), Coats Vionella (488), Commercial Union (280), Cons. Gold Fields (553), Coulson (477), Courtauld (287), Dee Corp. (250), Dillons Group (362), English China Clays (318), Fisons (573), GKN (267), General Accident (827), GEC (174), Glaxo (965), Globe Inv. Trust (116), Granada (286), Grand Metropolitan (408), Great Universal Stores 'A' (E103), Guardian Royal Exchange (793), Guinness (325), Hamson Property (400), Hanson Trust (190), Hawker Siddeley (463), ICI (E11), Jaguar (533), Ladbrokes (355), Land Securities (E14), Legal & General (240), Lloyds Bank (445), Lonrho (216), Lucas Ind. (505), M&P (317), Marks and Spencer (201), Midland Bank (570), NatWest Bank (547), Northern Foods (270), Pearson (520), P & O (526), Pilkington Bros. (436), Plessey (174), Prudential (830), RMC (632), Racal Electronics (172), Rank Organisation (493), RHM (240), Rediff (439), Reed Int. (273), Reuters (490), RTZ (634), Rowntree Mackintosh (408), Royal Bank of Scotland (340), Royal Ind. (822), Satchell & Satchell (615), Sainsbury (11), Scottish & Newcastle Breweries (183), Sears (114), Sedgwick (343), Shell Transport (910), Smith & Nephew (118), Smith Ind. (254), Standard Chartered (710), STC (148), Storer (323), Sun Alliance (688), Tarmac (460), Tesco (405), Thorn EMI (478), Trafalgar House (281), Trusthouse Forte (150), Unilever (E174), United Biscuits (230), Wellcome (210), Whitbread (260), Willie Facer (450), Woodworth (640)

Now for the Readers' Race

Alice Rawsthorn on a chance to prove you're better than the professionals

MOST private investors secretly suspect that their investment decisions are just as good, if not better, than those of the professionals. Now, FT readers have a chance to put their investment skills to the test by entering the FT Readers' Race which will run alongside the Great Investment Race.



The Great Investment Race got under way on Wednesday in the courtyard of the Prudential Corporation, the race's sponsors headquarters in the City. The teams of fund managers donned bowler hats and crouched from starting blocks; the disc jockey, Mike Smith, and Tim Bell, chair-

man of the race's organisers, Charity Projects and chief executive of Lowe Howard Spink & Bell, held the starting tape; comedian Rowan Atkinson waved a checkered flag; and Bryan Corby, chief executive of the Pru fired the starting pistol. And the paparazzi cameras clicked and clicked.

Out with a whimper

THE TRUSTEE Savings Bank offer for sale closed with more of a whimper than a bang on Wednesday. The much-heralded mounted police standing by in the City to control hysterical crowds of applicants spent a dull morning of inactivity as the small and thoroughly orderly queues of investors deposited their forms at the handful of banks still accepting them.

This does not, however, mean that the issue has turned into a damp squib. Indeed, the flotation has easily lived up to best expectations, at least in terms of response. At over 4m, the number of applications received is about double the number submitted for the much bigger British Telecom flotation.

A date for TSB investors

POTENTIAL INVESTORS who managed to plough through all 78 pages of the full TSB prospectus will have received at least some reward for their perseverance. Tucked away on Page 72 are a few brief lines which herald the introduction of a new tax—the stamp duty reserve tax.

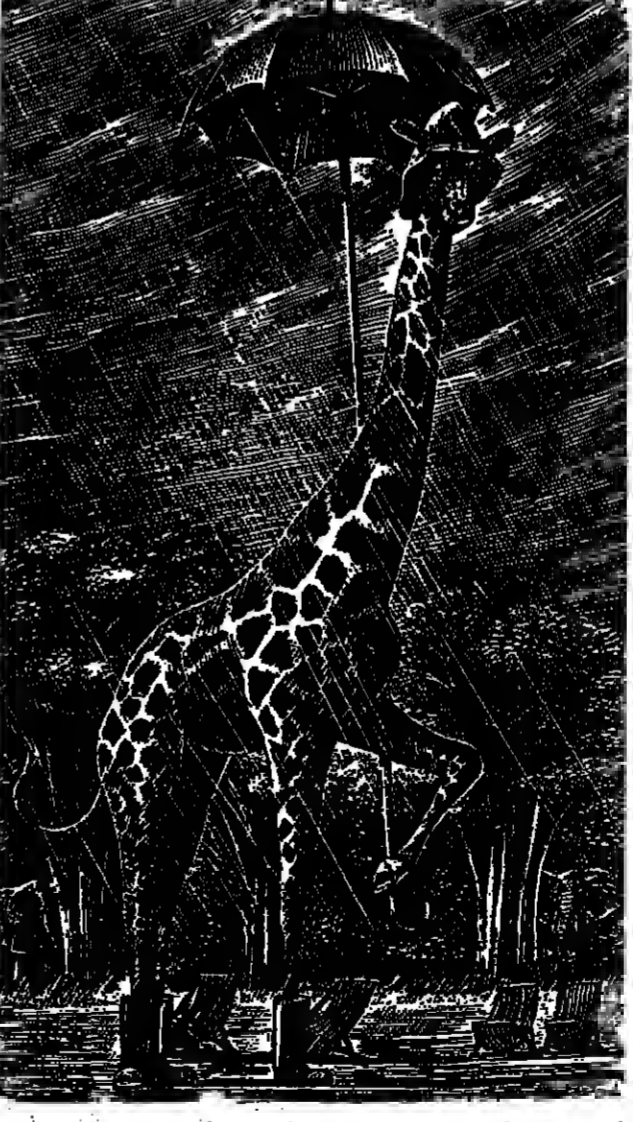
Advice to the unwary abroad in the City, or

WHY THE METEOROLOGICAL OFFICE SHOULD BE STAFFED BY GIRAFFES.

THE sun blazed down on the scorched savannah. The dry grass rustled like sandpaper in the hot breeze. Overhead, the sky was porcelain blue. But the giraffe was donning a sea-green sou'wester. A sunbathing lion opened a quizzical eye and started to roar with laughter. A pack of hyenas cackled hysterically. Undeterred, the giraffe tugged on his wellington boots, one, two, three and four.



in from the west. Then another. Then another. Until at last the sky above was as black as ink. With a violent crack, the clouds split open. The sunbathers were bathed in a torrent of rain. As they scurried for cover, awash with mascara and suntan oil, the giraffe reflected on the benefits of being the tallest animal of all.



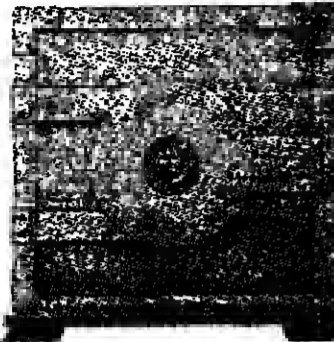
From his lofty vantage point, he'd been able to see the clouds gather on the horizon. Just like the giraffe, Mercury Fund Managers benefit greatly from their stature. With the enormous resources of Mercury Warburg at their disposal and their network of offices all over the world, Mercury can command a superior view of international stock markets. So no one is better equipped to detect the slightest shift in the economic climate.

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The Guaranteed Equity Plan See next weekend's press for details **Gartmore** GARTMORE FUND MANAGERS LIMITED

**Yorkshire relish**

Alice Rawthorn looks at two new funds which opted for regional investment

THE SUMMER months proved to be a fallow period for the business expansion scheme, with a few funds making their debuts but scarcely any activity from direct issues. Yet, in the past week or so, interest in the scheme has rekindled with the launch of two funds and the largest direct issue of the present year.

Both the business expansion funds have opted for regional investment policies with the Castleforth Fund favouring Scottish companies and Capital for Companies' Fund preferring investment within Yorkshire.

Castleforth Fund Managers is asking investors for up to £5m for its Castleforth Fund III. In its two previous funds, Castleforth raised £1.59m and £1.1m respectively for investment in 19 companies, most of which are based in Scotland.

Hitherto, Castleforth has been fairly eclectic in its choice of investments, with holdings in the bookseller Waterstones; a London property developer, London House Development; and the Antiantean Fishing Company, which runs a fishing boat off Lockniver. The new fund will adopt a similarly varied investment policy.

The fund will have a self-imposed minimum level of subscription of £1m with investors subscribing between £2,000 and

£40,000. Its sponsors, Castleforth Fund Managers, will levy a management fee of 4 per cent on subscriptions, with a reduced fee of 3 per cent for previous Castleforth subscribers. The fund will close on October 15.

Castleforth has recently been taken over by London stockbroker Alexander Laing and Crutwickbank, which is part of the Mercantile House financial group. Previously, Castleforth operated as a joint venture between the stockbroker and the Royal Bank of Scotland.

Meanwhile, the Leeds-based firm of licensed securities dealers, Capital for Companies, has plumped for a Yorkshire favour to its Fourth Business Expansion Fund.

Like Castleforth, Capital for Companies is eclectic in its approach to investment. Its three previous funds have raised £1.5m for investment in 17 companies. Included in its portfolio are Downess Leisure, which owns a hotel in the Lake District; W. H. Aiken, the book publishers; and Playtime Foods, which produces popcorn for sale in cinemas.

Thus far, only one company in the established funds, Naylor Cars, has failed and Capital for Companies has compensated for this by selling another company, Base Metal Synergy, for almost £382,000, which is almost four times the value of its original investment.

The Fourth Business Expansion Fund will remain open until November 28. Investors may subscribe between £2,000 and £40,000 in multiples of

£1,000 with Capital for Companies charging a fee of 4 per cent.

This week's direct issue, Dix Belgravia, is asking investors for up to £5m in order to establish a firm of property developers and building contractors which will undertake construction and renovation work for other property developers.

The issue — which will release up to 5m shares for £1 each — will close on October 24. It is sponsored by the licensed securities dealers, Johnson Fry.

Dix Belgravia has a complex share structure in which its directors are entitled to "A" shares at the preferential price of 10p each, compared with 1p for ordinary shares. Initially, the directors can claim only a small proportion of A shares; but once the company has achieved an annual compound growth of more than 10 per cent over a five-year period, the value of the "A" shares will increase.

In many ways, Dix Belgravia looks suspiciously like the sort of "secure" asset-backed property company that the Chancellor of the Exchequer attempted to exclude from the business expansion scheme in the March Budget.

In the Budget, the Chancellor specifically excluded companies in which 50 per cent of net assets are held in land or buildings under the scheme.

Dix Belgravia has wriggled round this ruling by ensuring that no more than 40 per cent



of shareholders' funds, will be committed to property development in the company's first three years of business. After three years, when the asset ruling expires, it will be free to increase its property development activities.

Thus, Dix Belgravia might not qualify as a company within the spirit of the Government's job-creating, technology-boosting, business expansion scheme, but it obeys the substance of it. And, after all, in the past shareholders have set greater store by investment security than by obeying the spirit of the scheme.

**Capital for school fees**

ONE RECURRING theme in my articles on school fees has been warnings that parents may well need to make financial sacrifices in order to meet the eventual bills for children educated in the private sector.

The escalation in school fees is likely to be far greater than inflation and parents must face the possibility of not being able to fully meet the fees out of income.

One means of bridging the gap is to utilise all capital resources. A previous article has discussed how one's house, often the main capital source, can be used. This article will discuss ways of using other capital resources such as a portfolio of stocks and shares or assets in a family trust.

These assets should investment growth in the normal way, so why should parents convert into some other scheme? The answer is that capital school fees schemes are more tax efficient.

The basic format of the capital school fees plans offered by school fee specialists or life companies is that investment is made into a charitable trust set up by the specialist or the life company.

The money in the trust is used to buy annuities and commitment of the annuity payments is timed to coincide with the start of private education, usually at the senior stage. The period of the annuity payments covers the fee paying period, usually five years.

Many life company annuity funds are non-tax paying, so investment will be effectively in a gross fund. Because the scheme is set up as a charity, the school fee payments can be made free of tax.

But there is an offsetting factor. To comply with the charitable status, part of the payment has to be directed into

other charities, even if the school to which payments are being made has charitable status itself.

There are a variety of schemes on the market from specialists and life companies. The specialists can select the life companies with which they deal, picking those offering the best rates. In practice they tend to have arrangements with two or three companies giving special rates.

For example School Fees Insurance Agency is able to offer special deals on its capital plan to existing clients when one of its life companies finds its annuity fund in a temporarily favourable tax situation.

These Plan Holder's Discounts can offer between 0.5 and 1 per cent above the going rate for the existing scheme and not surprisingly are taken up very quickly.

There could be problems over inheritance tax if the parent dies before fees start. But this can be avoided if permits give up the right to surrender the contract before fees commence.

This does not mean that parents cannot get their money back if there are good reasons for not proceeding with private education. It means that it cannot be surrendered at the whim of the parent.

The parent can retain the right to a surrender in which case the value of the scheme would be aggregated with the estate for inheritance tax purposes.

Nevertheless, even allowing for this, the overall net yield is usually higher than the investor could achieve himself.

A significant part in investment in these capital schemes comes from family settlements, where investment returns tend to be on the low side.

Eric Short

**INITIAL TERMLY PAYMENTS SECURED BY A CAPITAL INVESTMENT OF £10,000**

Payments starting	Level payments:		Payments rising by 5% a year		Payments rising by 10% a year	
	a	b	a	b	a	b
Now	£ 761	£ 755	£ 695	£ 690	£ 634	£ 630
1 year	824	824	752	753	686	687
2 years	985	972	899	887	821	810
5 years	1,176	1,148	1,073	1,048	980	957

a—SIFIA, b—Royal Life.

**Pensions and job-changers**

LIFE COMPANIES over the past year or two have been devoting considerable time and effort to designing pension contracts that will be as flexible as possible under existing legislation and Inland Revenue practice to cope with changing employment conditions.

Individuals lose out on their pension not only when they change jobs, but also when they move from being employed to self-employed.

The latest personalised pension contract from Premium Life Assurance Company — the Flexible Retirement Account — not only incorporates the existing developments but adds some new ideas of its own.

The plan is a unit-linked personal pension contract with a wide choice of funds. On change of job or employment status, the plan simply carries over with Premium Life handling the administrative changes needed. It takes the centralised trust route so the plan can be used by employers, as well as individuals without any need to establish a trust.

Life companies charges are coming under the spotlight with growing criticism over the amount deducted when the policy has been in force

for some time and funds have reached a considerable size.

Premium Life has the usual 5 per cent initial charge, plus a monthly administration charge of 1/4 per cent per month (1/2 per cent a year) of the fund value. The first two years' contributions are invested in capital units carrying an additional management charge on the fund of 7/24th per cent per month (3 1/2 per cent a year).

However, the management charge in the last 15 years to retirement (or from the fifth anniversary for individuals with less than 20 years to retirement) is reinvested back into the fund — less a small maintenance fee.

In addition to the usual death benefits there are options to incorporate substantial benefits in the event of permanent disability. Most plans still go no further than a waiver of premium in the event of disability.

Premium Life also offers investors its Timed Investment Fund, which as retirement approaches transfers investment into fixed interest stock to match the date of retirement, thereby insulating the fund against an inopportune fall in the equity market.

E. S.

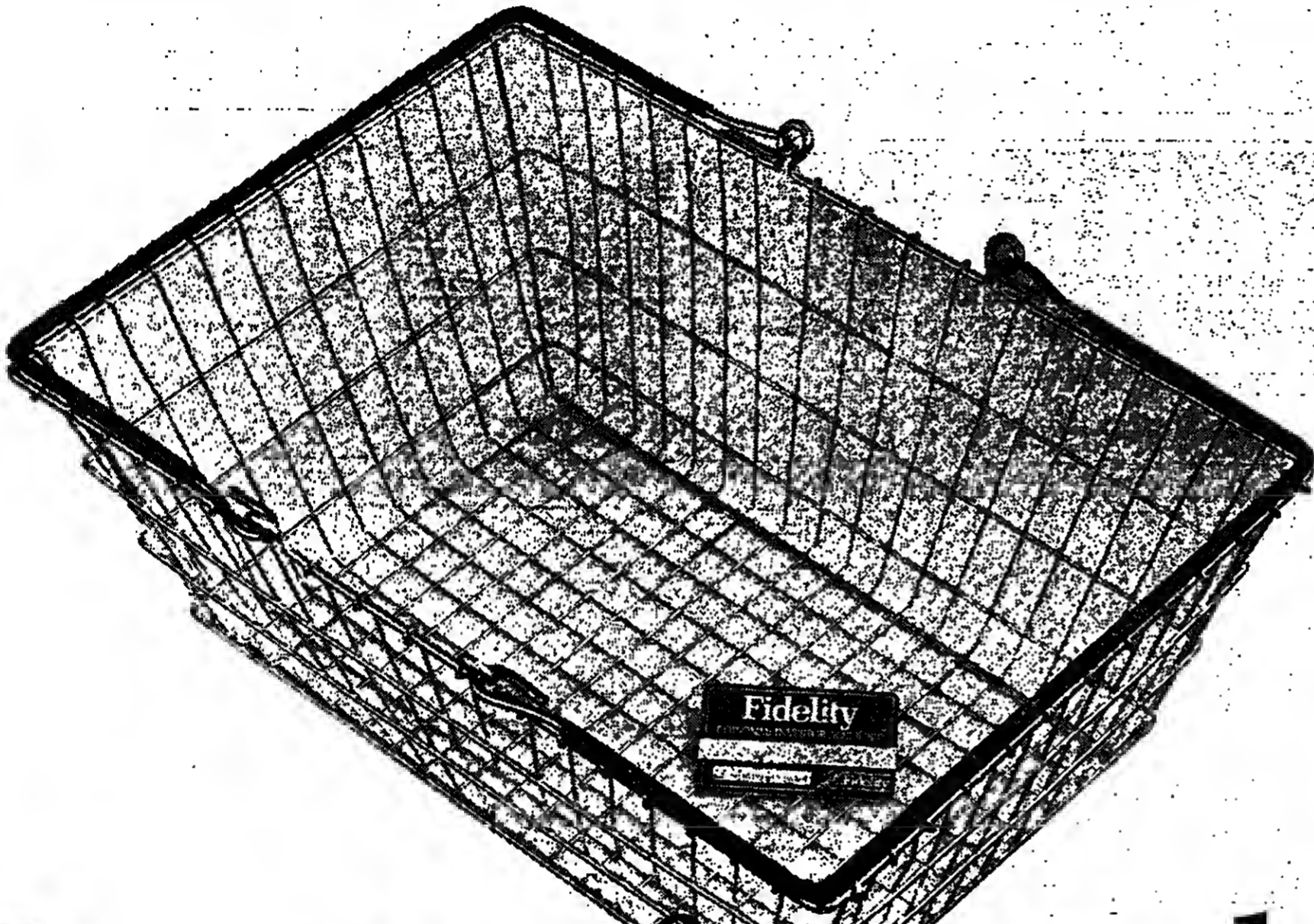
**NatWest goes on the screen**

EMPHASISING efforts by the institutions to woo the small investor, two new information services have been launched this week. As a first step towards the share dealing service it aims to launch later, National Westminster Bank has introduced a screen-based share information service. Initially, it is being undertaken as a pilot scheme at eight of its branches across the country. The first to go "live" is the London West End branch at 208 Piccadilly which will be followed by the head office branch at Louthbury and others in Birmingham, Cambridge, Cheltenham, Eastbourne, Horsham and Leeds.

Times Stock Exchange 100 Share Index and stock market highlights such as new issues, takeovers and mergers. The information will be updated six times a day. Customers will be able to get extra information through a "hot line" to Fielding News-Smith, the broking arm of NatWest Investment Bank.

Meanwhile, Fidelity, the unit trust and investment management group, is extending its telephone advisory service to seven days a week. Using a Callfree number (0800 414161) investors can telephone the service from 9 am to 9 pm Monday to Friday and up to 5 pm at weekends when they will be able to discuss their individual investment needs with one of a team of advisers. Fidelity claims that its sophisticated telephone system will allow the calls to be handled quickly and efficiently.

Margaret Hughes



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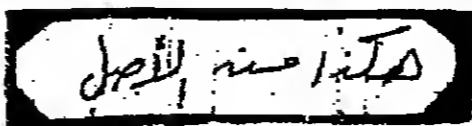
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Christine Stopp takes a cautious look at some fund specialists

Gold still glitters with risks

AFTER A bear market whose persistence had confounded most experts, the gold price has bounced back over the past few months, with an effect on short-term performance figures in the eight specialist gold funds in the Commodity and Energy sector.

Even further. Long term, he would expect the merged portfolio to settle with about 35 per cent in Australia, 35 per cent in North America.



Linaker is not panicked by the present South African situation. He has "sold some over the summer, but bought some as the price fell."

the South African industry look "too good to refuse." In Australia he is interested in "established companies, not byways. I don't like the risks, and marketability is important."

It's doing everything it should in the technical sense." Paddy Linaker and Nigel Hale both agree on the likelihood—and even the desirability—of a short-term price correction, to provide a good base for a substantial rally.

Performance of gold unit trusts

Table showing performance of gold unit trusts with columns for Percentage growth short term, Offer to offer, and Offer to bid. Lists funds like Britannia Gold & General, Cartmore Gold, etc.

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The Investment Trust Table

Main table titled 'The Investment Trust Table' with columns for Total Net Assets, INVESTMENT POLICY, Management, Share Price, Yield, Net Asset Value, Geographical Spread, Gearing Factor, and Total Return over 5 years. Includes sub-tables for 'as at close of business on Monday 22nd September 1986' and 'as at 29th August 1986'.

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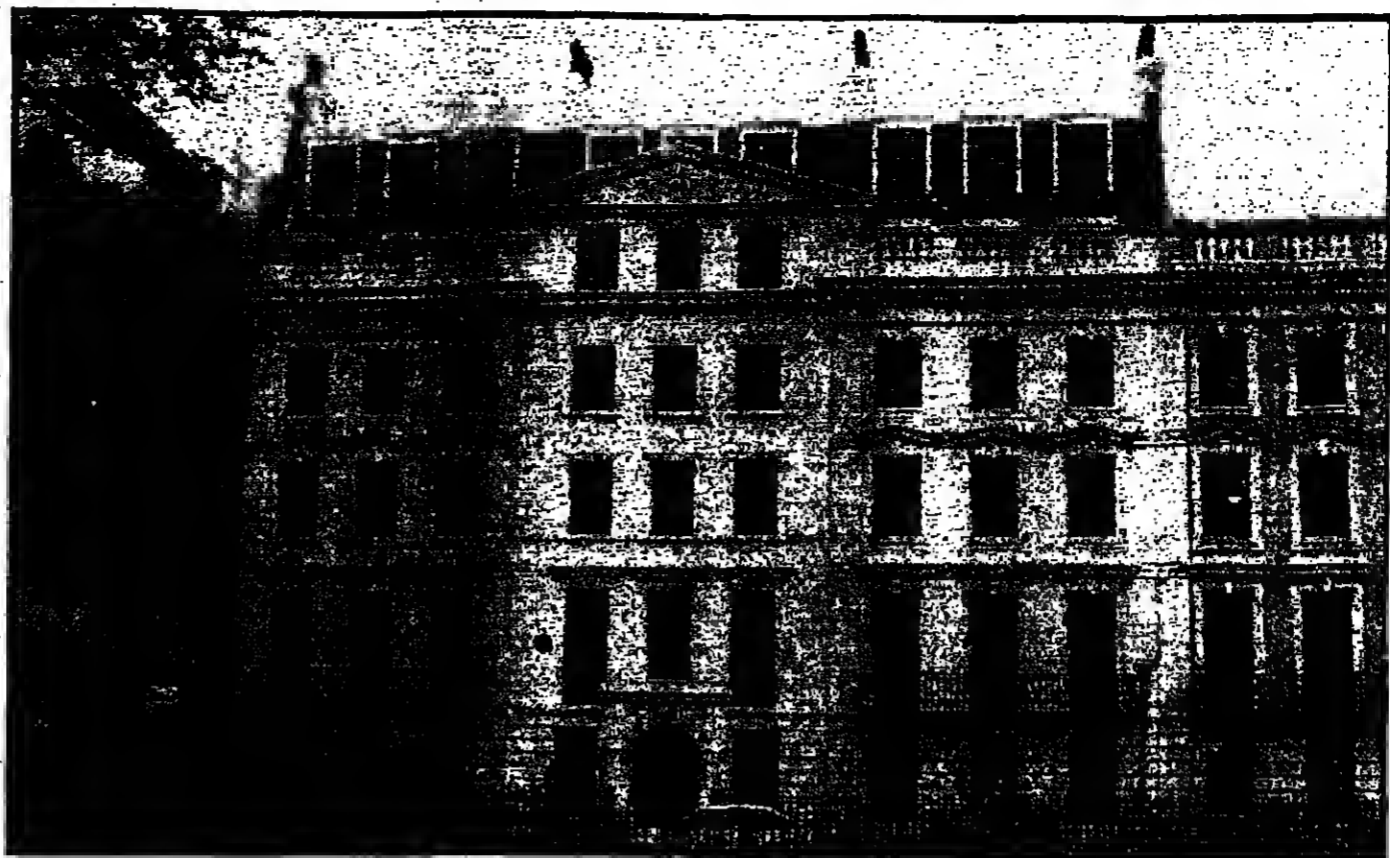
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# The Bloomsbury Affair



The Bloomsbury Square development... now back on the market at higher prices.

IN MID-JUNE, the residential agency department Debenham Tewson & Chinnocks announced the results of a successful sales programme. After just 10 days on the market, "90 per cent" of the 19 luxury flats in a new development at 9-11 Bloomsbury Square, London WC1 were "firmly under offer."

All those flats are now back on the market and the prospective buyers—who had been asked to hurry towards exchange of contracts early in July—are now receiving letters offering them the same flats, but at prices that are tens of thousands of pounds higher than those agreed less than three months ago.

It is an extraordinary example of mass gazumping that has acutely embarrassed the agent and infuriated the near-purchasers. The Bloomsbury affair also reveals an incredible communications gap between the official property consultant and the executive management of London Trust which, until earlier this month, owned the flat block through its subsidiary Bloomsbury Square Holdings.

Debenham Tewson & Chinnocks became involved in the Bloomsbury development more than two years ago when, as residential partner, Peter Braithwaite explained: "We were asked by Hugh Brackett, who was a director of Bloomsbury Square Holdings, to advise on the refurbishment for a fee on the end of sales." DT & C worked with the developers on the type of flats to be built, and handled enquiries from a queue of prospective purchasers as the building work came nearer to completion.

Hugh Brackett, a former senior partner and long-time consultant of DT & C, is now in his seventies and lives in St Peter Port, Guernsey. But he is far from retired.

Although he no longer has any connections with DT & C, Brackett was asked to remain as a consultant to London Trust after its management changes last year. His job, as he says, was "to help clear up an unwanted portfolio. I was appointed executive chairman of Bloomsbury Estate Holdings and retained as property adviser by London Trust."  
No 9-11 Bloomsbury Square was just one of the properties held by London Trust subsidiaries that Brackett was retained to help sell. It also looked as though it would be one of the easiest to clear from the books, because sales were being agreed well before the builders had completed their work.

Brackett explains: "After the first offer on the flats I took advice on the values—in April—when we had sold a few, I showed the price up by 5 per cent, and put the price up again

when six more had sold." He says he was happy to sell because "all through those months the residential market was about as unstable as it could be," and advanced sales ensured that there would not be a protracted selling period for the block later in the year.

Braithwaite confirms that "all of the flats had gone" within days of the formal launch of the property on May 23. DT & C was about to get its fees for the work it had put into the scheme; Brackett was about to clear another £2m or so from London Trust's unwanted portfolio; and his Guernsey-registered consultancy—held in trust for his family—was to be a step nearer to what he describes as the "significant sum of money" to which it is entitled once the sale of the properties is completed.

Late in June, buyers were asked to jolly their lawyers to speed up the paperwork involved in the exchange of contracts. Some had already contracted to pay the agreed price for their flats.

Then Brackett says, at the beginning of July "it was taken out of my hands. I was told to do

nothing, although a lot of contracts had been all but agreed." Braithwaite confirms that, having just been told "to request buyers to exchange within 14 days," he then had a quite different instruction. "Just before exchange of contracts, we heard

## John Brennan reports on an extraordinary example of mass gazumping that has brought acute embarrassment to the estate agent involved and fury from the would-be buyers

that a stop had been put on it. Then, to our amazement, we were told that the company had been taken over by another company."

Brackett's on-the-record comment about his reactions when he heard of the stop on flat sales is politely restrained. "It did not please me at all," he says. He also confirms that the sale of the London Trust property companies has been done without consultation by London Trust's

board. "They went over my head... behind my back..." Earlier this month, Marler Estates emerged as the purchaser of London Trust property subsidiaries, valued at £7.4m, in a part-cash, part-paper takeover that included 9/11

exchange of contracts at Bloomsbury. He also points out that Marler's management is responsible to the company's shareholders to get the best possible price for the flats it now owns, and he argues that the new prices are realistic.

DT & C faced an awkward decision when asked to re-market the flats by the new owner. In DT & C's Brook Street offices, Braithwaite says, that the partnership debated "whether would we act at all."  
It was being offered the instruction by the new client to sell again, but at prices around a quarter higher. Flat 17, for instance, one of those "firmly under offer" in June at £145,000, is being offered again—this time for £180,000. That is a 24 per cent increase in three months. For Braithwaite, this "really is a nightmarish situation. We expressed our reservations, but we have agreed."

Marler thinks that they are fair. DT & C does not regard them as unrealistic, and after more than two years' advice on the development, a refusal to accept the new instruction would have meant the agents receiving no fees at all for its work.

Braithwaite explains: "We took the new instruction on the understanding that we would contact all the purchasers to re-offer at the new price. If that had not been agreed, or another agent appointed, Braithwaite doubts if those would-be buyers would have been given first refusal, "albeit at the higher price."

London Trust was put under the administrative wing of the London & Manchester Group's asset management company last year. But Geoffrey Clarkson, group secretary and solicitor of London & Manchester, explains that L & M provides "essentially administrative and secretarial services, not executive management."

Clarkson says that "there is no question of our having any obligation to compensate" any of the would-be flat buyers. Nevertheless, he says, "there is no question of London Trust in any way avoiding its responsibilities vis-à-vis its shareholders. At its EGM last year it was under strict instructions to get on with its investment portfolio sales."

That clear responsibility of the London Trust board to sell its property subsidiaries makes the Bloomsbury affair, in Clarkson's words, "a little more complicated than a normal trading situation." Otherwise, though, he sees it as a clear enough situation. "These things happen. An offer came in and the company decided to sell..."

Although he had received no formal notification of the sale to Marler, two weeks ago Brackett had "given advanced notification" to London Trust that his consultancy bill would be on its way now that the property portfolio had been sold. Braithwaite, meanwhile, works on the flat sales once more but says, "it is an unhappy saga."

The once-and-future buyers—understood to include half a dozen property traders keen to sell on their options to buy, as well as a number of TV personalities, a Conservative backbencher, and the chief executive of a major advertising agency—appear either as failed bargain-hunters at a forced sale, the cast of the first recorded example of a corporate gazumping exercise, or merely as victims of market forces.



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For further details of these and other Royco developments contact: The Royco Corporation, Royco House, Liston Road, Marlow, Bucks. SL7 1BX. Telephone: Marlow (06284) 6922.



# Small builders get a helping hand

**John Brennan reports on a building society's new financial advice service**

SELF-BUILD groups, housing associations and house-builders of all varieties will be heading for the local Anglia Building Society office after next Thursday's launch of a £150m building finance service.

development finance. In a full year, the service could help to finance the development of 3,000 new homes.



HOW LONG does it take to sell a £4.5m house in London? Just under 12 days in the case of Park House (left), one-time town house of the late Sir Maxwell Joseph. A European client of Beauchamp Estates, who had been looking in the £1.5m to £2m range for a new home, took one look and instructed his agents: "Don't lose it."

## When buyers back out . . .

TIM BLENKIN, Jackson-Stops & Strutt director in York, takes up the gazumping debate with a powerful defence of sellers and some blunt comments on the sometimes "outrageous habits" of prospective buyers.

particular case, I can say so, and refuse to act if I so choose."

Without knowing the circumstances of the resale the window-shopper accused the firm of gazumping and claimed to be "surprised at such conduct from a reputable firm."

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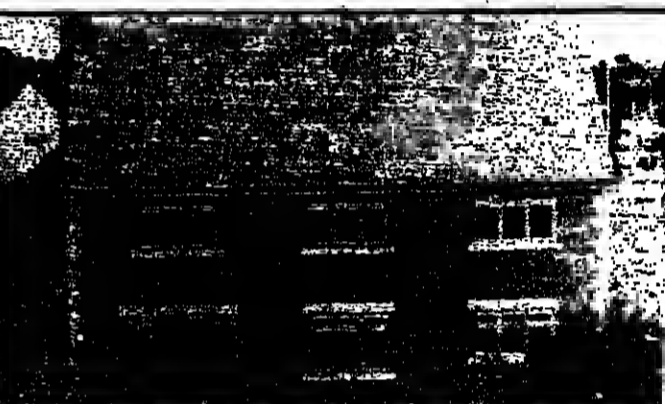
Competition to buy Friars Gate, one of the most imposing Georgian houses in the centre of Chichester, West Sussex, led to a three cornered tender and a sale to a developer at £276,000, £26,000 above the guide price set by Whiteheads.

He recalls one wine-making example of a last-minute change of heart when prospective buyers, after several visits, and after solicitors had been instructed, cried off with the lame comment "the garden is rather larger than we had realised."

ONE STEP forward and a dispirited stumble back for our "abstraction" of non-shire counties campaign. Having recently pointed out that properties in shire counties tend to attract a premium, and citing Somerset and Dorset as examples of the "Wiltshire borders" style of agents' sales pitch, Eric Thomas responded by pointing out that both Somerset and Dorset are merely hiding the "shire" part of their titles, and that the abbreviators have only not tampered with some of the others for fear of finding themselves living in "Wilt" or "Berk".

of life to agents' advertisements by reviving Somersetshire and Dorsetshire?

of a sheriff, so Dodge Cityshire might pass muster. But in the west country the extra signwriting costs seem to have won the day. Over in Dorset, staff in the chief executive's office seem to recall seeing the full Dorsetshire name on old maps.



ONE OF the 29 four-bedroom homes and bungalows now coming on to the market at Wimpey Homes' Fairlawns estate in Solihull West Midlands. The properties, priced from £92,000 up, have been designed with Manor Style and Tudor facings.

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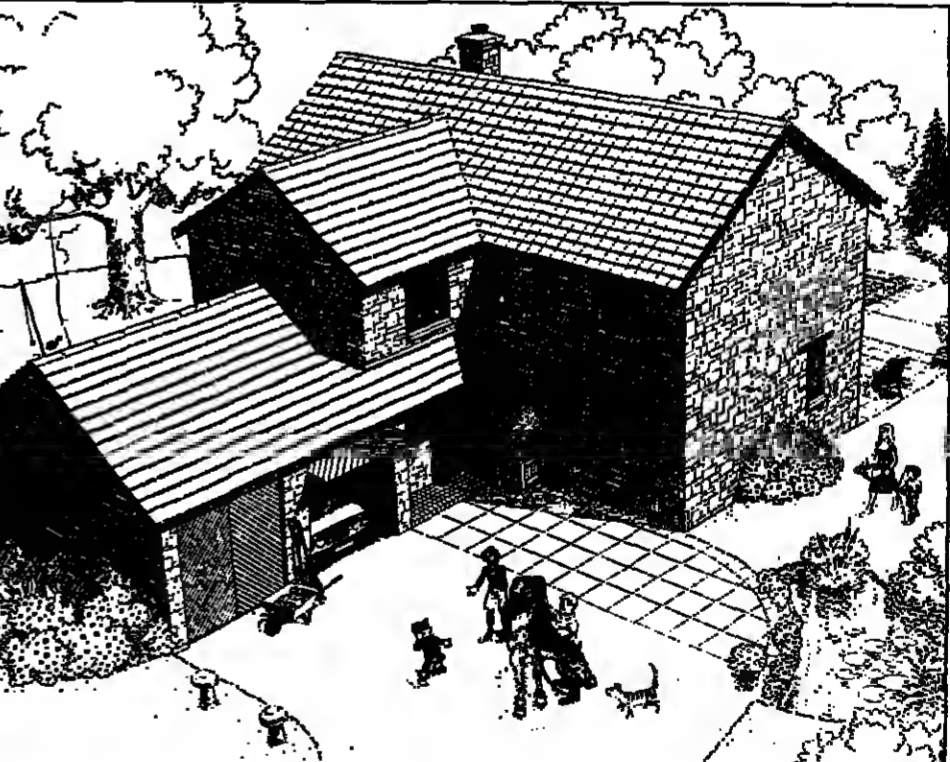


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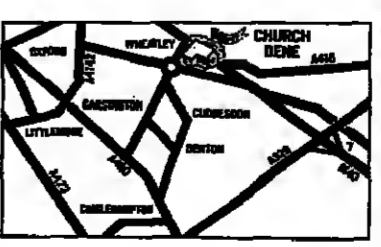
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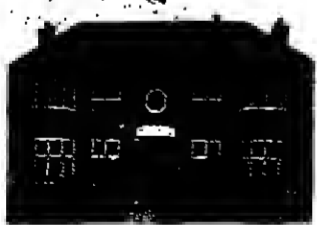
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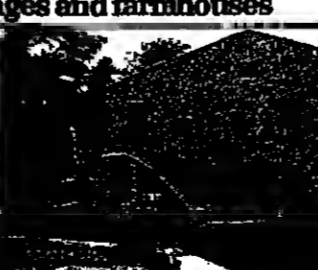
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PROPERTY

Bid for multiple listings

Holly Smith on a new attempt to make home-buying easier in central London

ESTATE AGENTS in London are making another attempt to form a multiple listing system for the residential properties in the centre of the city.

Property Data Services (PDS), launched by developer Peter Lukas, recently started a listing of property for sale and now has 19 small and medium-sized agencies as members.

Lukas thinks he will have a viable product if he can sign up at least 35 companies for each service. He claims to have committed £1m to the project and his long-term plans are to set up multiple listings across the UK.

Multiple listing, which is common in the United States, is a grouping of almost all the property on the market in a specific area. The list is compiled by member estate agencies pooling their information.

Lukas, a developer of commercial and residential property in southern England, said his own frustrations with the property market convinced him of the need for a central source of information on what was available.

The Property Data Services system works by having member agencies send, by facsimile machine, details of property available for rent or sale to the central office in Brompton Road.

PDS then puts the information into its computer, and twice a month distributes two large directories—one for rental property and one for sale property—to each firm.

The system will come up against the informal multiple listing that some of the larger agencies have used for years. Peter Young, a partner in the firm of John D. Wood, said a group of central London agents who respect each other's way of doing business often share details of properties that they have not been able to sell quickly themselves.

Members of this group are Chestertons, Jackson-Stops & Staff, Winkworth, W. A. Ellis,

When a new client walks into an estate agent's office and requests a specific type of property, the agent checks to see which properties are being sold by his firm, and if none is suitable he can refer to the multiple listing directory.

If the agent sells another firm's property, the commission will be divided between the two. For the PDS service, members pay £780 per year to join, plus 50 pence per listing in each directory although the first 35 firms to sign up are being given one year's free membership.

Lukas said the computer problems that bedevilled previous attempts at a multiple listing system have now been overcome by the fax machines, which transmit information across telephone lines.

Users of the system say it is proving to be a great tool, although it has its drawbacks. According to Peter Brown, a senior negotiator with Reed & Lewis of Knightsbridge: "It enables you to search by area and within price ranges for a particular property, and it gives a concise report of what's available."

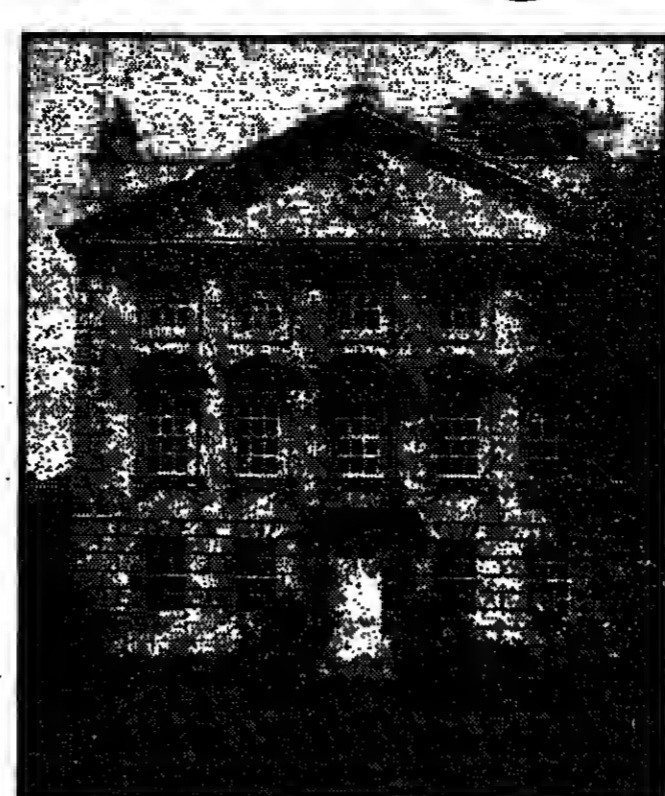
On the negative side, the descriptions were generally too short to be useful. "It's not enough to decide if you want to go and look at it." At present the list of suitable properties is short enough to contact the agents who have places that look promising, but the list could become unwieldy when more agents join the service.

"If you have 200 properties which would appear to match, it will become difficult," says Brown.

Some London agents say the new system will come up against the informal multiple listing that some of the larger agencies have used for years.

Young was part of an unsuccessful effort to construct a multiple listing service eight years ago, in which there were major problems with the two computer systems the firms used. And members tended to hold back on their best properties so they could keep all the commission for themselves.

PDS will still have problems with agents who keep their best properties, Young said. It will also encounter agencies



IF YOU can imagine a smart suburb of Bath—a country outpost of Georgian country homes and quirky buildings around the Anglo-Saxon church of St Laurence, the Norman church of the Holy Trinity and a fine old bridge—then you have a fair idea of Bradford-on-Avon in Wiltshire. Like its northern equivalent, Bradford, made its money from wool. But the southern Bradfordians didn't have much else to keep them going when the wool trade ceased to be a money-spinner, so the town didn't grow.

Humberts' Michael Bruges (01-629 6700) seems to have a fair selection of the local architecture on his books at the moment. Between £200,000

and £250,000 would buy Wellclose House (illustrated), a six-bedroom 17th century country house in two acres which was given a grand facade by John Wood the elder, who designed the Circus in Bath. Christ Church Vicarage nearby—is a Regency five-bedroom house looking out over Salisbury Plain and in the £120,000 to £130,000 range.

Those who see profit in leisure may prefer the chance to convert The Old Court, an 18th century workhouse-cum-hotel in the Avoncliff Valley near the Kennet and Avon canal. Humberts is asking £200,000 for the building, which could convert into eight holiday homes.

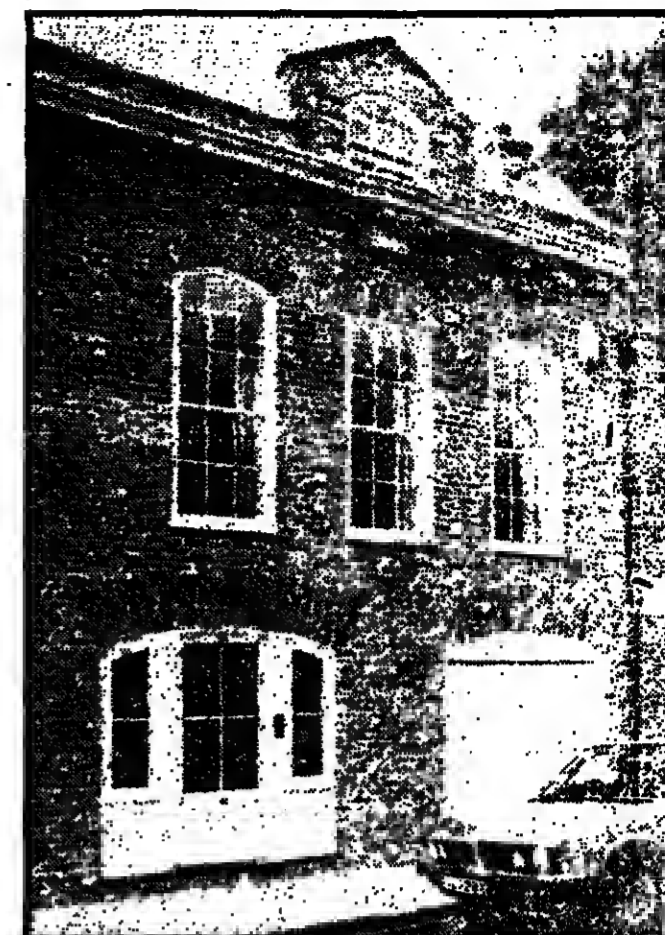
Friedel & Falcke, and Aylesford & Co. "It's a gentleman's cartel of people who play the game by the rules."

Young was part of an unsuccessful effort to construct a multiple listing service eight years ago, in which there were major problems with the two computer systems the firms used.

And members tended to hold back on their best properties so they could keep all the commission for themselves. PDS will still have problems with agents who keep their best properties, Young said. It will also encounter agencies

who do not want to deal with rivals they consider unscrupulous and there are fears that other agents will try to steal clients if any agency gives out too much information on which properties it has been instructed to sell.

There are other multiple listing groupings in the country, most notably an association called TEAM, which has 300 offices grouped into eight sections across England. Members share information on properties through their computer systems and group together to advertise and market their products.



SOCIAL researcher Charles Rooth, namesake of the evangelical Salvation Army general, found London's mews in the 1880s to be veins of poverty and elderly impoverished retainers and their families clinging on to an existence of sorts behind the great houses in which they had served their lives. He would have been stunned to see Brookfield Developments' idea of a new, three-bedroom mews

house in Cadogan Lane Knightsbridge. He would have been staggered by the price, as well. Architect John Simpson and Partners and interior designers Jaeki Williams—whose furniture, painting and the rest are available separately—have come up with a compact high-style town house that Anthony Rounell of Winkworth (01-589 6616) hopes to sell for £495,000 freehold.



LUNDIE CASTLE, a 10-bedroom, turn-of-the-century sandstone country house in 32 acres of garden and woods, two miles from the village of Edzell in Angus, Scotland, has come onto the market

through Savills' Edinburgh office (031-226 6961) Andrew Rettie there explains that the house, along with a three-bedroom cottage, has already drawn a few offers over the £200,000 guide price.

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Residential Property is continued on the following page













WEEKEND FT

SPORT

Michael Thompson-Noel visits a fast but friendly racing legend

Dancing all the way to the bank

"He was a late May foal," says Harwood, "so his progression was gradual. He soon showed us some ability, but he's not a horse that explodes at home. He's very easy-going. He's never put a foot wrong or declined to do anything he was asked to. The difference between a good horse and a great champion is one that can beat the best at any distance from a mile to a mile-and-a-half, and that's what he's done."

Harwood, whose own prize money gained this season is approaching £900,000, is putting him second in the trainers' table, behind Michael Scoutie - says Dancing Brave will unquestionably go down as an unlucky Derby loser. But he stresses that Starkey was presented with horrendous difficulties. "The Epsom Derby is one of the world's hardest races when not run at a true pace," says Harwood. "That was the problem. First Dancing Brave was knocked over by Bold

Arrangement. Then the field concentrated badly." Since Epsom, Dancing Brave has flared all rivals and stands a good-to-excellent chance of lifting the Arc. He had a tune-up race at Goodwood on September 12, which he won with shattering ease, and tomorrow has a final serious gallop over six brisk furlongs. Of Longchamp, Harwood says: "We wouldn't want it wet. There's no point in running him to be beaten. For this reason, London's bookmakers are buying their moneybuses close to their natty chests and are quoting the French champagne, Bering, as 2-1 favourite, with Dancing Brave at 5-2 and Shadari and Shafrastani at 6-1 each. Win or lose, Harwood can look forward to training a succession of Dancing Brave's offspring for the horse has been syndicated to stand at stud at Newmarket. Shares were sold at £350,000 apiece, which values Dancing Brave at a total of £14m.

And, despite the demands of a sale-topping \$13.6m for a bay son of Northern Dancer. As usual, the Maktoums' preference for Northern Dancer blood knew no bounds, their purchases including another colt by that sire plus yearlings by Nijinsky, Danig Woreyev, Lyphard, Storm Bird, Sharee, Dancer, Northern Baby, Top-sider and The Minstrel - all of which are sons of Northern Dancer - and Caerleon, a grandson of the great Canadian sire. This week, in the autumnal

to have an impact at Newmarket next week when Tattersalls stages its Highflyer yearling sale. In Kentucky, at Keeneland Selected yearling sale two months ago, prices took a dive, the sales aggregate falling from \$137.5m to \$104.2m and the average per yearling from \$37,129 to \$411,755. As one salesperson said: "People were hesitant to spend big dollars as carefully as in the past."

On the other hand, the Maktoum brothers of Dubai were still heroic spenders, either buying or being partners in the purchase of 57 yearlings for a sum of \$40.2m, including a sale-topping \$3.6m for a bay son of Northern Dancer. As usual, the Maktoums' preference for Northern Dancer blood knew no bounds, their purchases including another colt by that sire plus yearlings by Nijinsky, Danig Woreyev, Lyphard, Storm Bird, Sharee, Dancer, Northern Baby, Top-sider and The Minstrel - all of which are sons of Northern Dancer - and Caerleon, a grandson of the great Canadian sire. This week, in the autumnal



Guy Harwood, trainer of Dancing Brave

quiet of Guy Harwood's yard, the newest star of the Dancer family was at peace with the world. There were signs everywhere saying "No Smoking" and "Warning: These premises are protected by Group 4 Security." "And 'Don't Feed the Horses.'" Although it was 3 pm, mist hung in the hollow of the Downs. Everything was quiet; everything was still. As I drove away, Dancing Brave was listening to the birdsong.

Nicholas Keith profiles a minister with a mission

The politician who mixes with sport

his time, leaving only 20 per cent for sport. However, he would like to see three achievements in British sport: the curbing of football hooliganism; the opening up of underused sports facilities in schools; and the modernisation of sports medicine. The control of hooliganism and spectator violence is one area where Tracy accepts state responsibility. In the past this hot potato has been handed back and forth between the football authorities and the Home Office. But the minister is firm: "At the end of the day it is a public order issue. It has to be dealt with through the police and the courts. The penalties

do exist and the Home Secretary has recently put out a note to magistrates making them aware of their powers." "There is a marketing job to be done on football," he says. "We have to make it respectable in the community again." Although there have been extensive improvements to sports facilities both in quantity and quality in the last 10 years, they are often beyond the reach of the pocket of the great mass of potential participants. The minister would like to make use of school, college and even public company facilities which lie idle for long periods, for he sees this dual use policy as the key to pro-

viding sport for all. He is seeking the co-operation of the unions and local authorities. The breakdown of organised sport in state schools, which has been accelerated by the teachers' dispute, is widely held to be the main cause of Britain's decline in team sports such as cricket and rugby. Some clubs already fill the gap at junior level, but the minister feels that their task would be easier with dual use, which would be administered by local authorities and involve "reasonable" charges. He says he expects competitors to play their part in the regeneration of team sports, because of their influence on

the young. "Top sportsmen's behaviour on and off the field may be impeccable. In terms of discipline, drugs and general behaviour, they have to set an example. I totally condemn violent behaviour by any player." He pooh-poohs suggestions that sports stars suffer from undue pressure from the media, believing that they are no worse off than those in show business or even politics, and that they have made themselves vulnerable by "writing" newspaper columns to augment their income. A firm believer in sponsorship ("one of the great advances in the last few years"), Tracy is not to be drawn on the probability

allowing backing for sport from the tobacco companies. He feels that they have "made a contribution," and that their share of about £10m out of a total sponsorship fund of £130m is not unreasonable. He hopes that more companies will come forward, not just to sponsor events but to help fund sports medicine - the use of modern scientific methods in the treatment of sports injuries and in the physical and mental preparation of competitors. Both are areas where Britain lags far behind the western and eastern sporting worlds. Although he rowed and played rugby for his school in Stratford-on-Avon, at the age of 43 Tracy

restricts his activities to non-competitive riding and jogging. And, despite the demands of a wife and four young children, he has spent his weekend talking to people in as many different forms as possible during the 12 months since he took over from Neil Macfarlane. He defends political interference because "politics and sport are both part of life." In his view Mrs Thatcher's attempt to get athletes to stay away from the 1980 Moscow Olympics differed from this year's Commonwealth Games boycott in that British competitors were ultimately free to make their own choice. Although he puts the onus for change on governing bodies, he accepts the charge that some are out of touch and "need a more professional administration." Better management in sports such as athletics and rowing have produced good British results which show the way to others. He is also determined to seek the services of active sports players and those re-

cently retired. It was on his initiative that Sebastian Coe was appointed to the Sports Council. "He is articulate, a communicator, and has inner city experience in Haringey. A key role for the Sports Council is in lifting inner city stress." After a 90-minute kickabout it may seem unjust to file a negative scout's report about the Minister for Sport's potential. Yet he does have innate faith in committees, seminars and administrators who have been found wanting in the past. In soccer parlance he may be merely a journeyman midfielder who locks the vision to bridge the gap between club and international level. However, he may prove to be the unobtrusive and tireless link man that every team needs. If he realises any of his laudable aims in the use of public facilities, crowd control, and sports medicine, he will be provided for British sport one or more scoring opportunities of which a Glenn Hoddle would be proud.

IN THESE depressing sporting times there is an inevitable yearning for an inspirational figure who might create a new British golden age by tapping the resources of our relatively wealthy, sports-minded, multi-racial society. One's first impression of Dick Tracy, the Minister for Sport, is that he is not such a man - but then he does not aspire to be. In the modern Conservative mould he is a sound "Thatcherite": a good pro almost to the point of being dispassionate; a communicator who spent 12 years as a front man in BBC current affairs. It is no surprise that for Tracy, the task of change and improvement is for sports authorities, coaches and competitors, not for the Government. Even if he had a vocation to be the saviour of British sport, he would be handicapped by his responsibilities as a Minister of State at the Department of the Environment, where planning matters take up 30 per cent of

FT CROSSWORD PUZZLE No. 6,136

Crossword puzzle grid with clues for Across and Down sections.

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SATURDAY RADIO AND TELEVISION

Schedule of Saturday radio and television programmes, including BBC 1, Channel 4, and various regional channels.

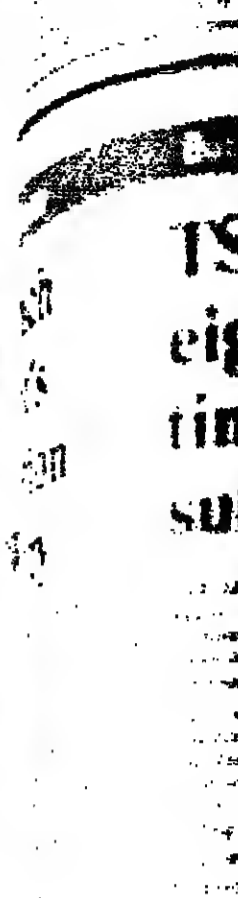
SUNDAY RADIO AND TELEVISION

Schedule of Sunday radio and television programmes, including BBC 1, Channel 4, and various regional channels.

ART MALIK IN DEATH IS PART OF THE PROCESS: BBC1, 9pm

Art Malik in Death is Part of the Process: BBC1, 9pm. A play about the artist's life and death.

Additional radio and television listings, including TYNE TEES, ULSTER, and YORKSHIRE.



Small caption text for the portrait image.